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4th Revised Sheet No. 1.00

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**MINNESOTA CITIES SERVED BY MERC**

3rd Revised Sheet No. 2.00

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Ada	Deerwood	Kasson
Adams	Detroit Lakes	Keewatin
Aitkin	Dodge Center	Kenyon
Albert Lea	Dover	Kettle River
Alden	Duluth	LaCrescent
Altura	Dunnell	LaPrairie
Appleton	Eagan	Lakefield
Audubon	Elgin	Lakeville
Aurora	Elko	Lamberton
Balaton	Ellendale	Lanesboro
Barnum	Emmons	Lansing Township
Baudette	Empire	Leonadis
Bayview Township	Esko	Leroy
Bemidji	Eveleth	Lewiston
Bertha	Eureka Township	Lyle
Biwabik	Eyota	Mabel
Blooming Prairie	Fairmont	Madison
Bovey	Farmington	Mantorville
Brewster	Fayal Township	Marble
Brownsdale	Finlayson	Mayhew
Buhl	Floodwood	Menahga
Butterfield	Fountain	Midway
Byron	Frazee	Moose Lake
Caledonia	Freeborn	Moose Lake Township
Calumet	Geneva	Mora
Camp Ripley*	Gilbert	Motley
Canby	Glenville	Mountain Iron
Cannon Falls	Grand Lake Township	Mountain Lake
Canosia Township (Duluth)	Grand Rapids	Nashwauk
Canton	Harmony	New Market
Carlton	Harris	New Market Township
Castle Rock	Hayfield	New Richland
Chatfield	Hayward	New Scandia Township
Chisholm	Hendricks	North Branch
Claremont	Hermantown	Northrop
Clarks Grove	Hewitt	Oakland
Cloquet	Hinckley	Oronoco
Coleraine	Hollandale	Ortonville
Conger	Houston	Owatonna Township
Cottage Grove	Hoyt Lakes	Park Rapids
Cottonwood	International Falls	Pengilly
Credit River Township	Ironton	Peterson
Crosby	Ivanhoe	Pike Lake
Deer River	Jackson	



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**MINNESOTA CITIES SERVED BY MERC**

3rd Revised Sheet No. 2.01

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Pine City	Sandstone	Utica
Pine Island	Scanlon	Verndale
Plainview	Sebeka	Viola
Pokegama Township	Silver Bay	Wadena
Preston	Silver Brook Township	Walnut Grove
Prior Lake	Sherburn	Waltham
Proctor	Spring Grove	Wanamingo
Randolph Township	Spring Lake Township	Warroad
Ranier	Spring Valley	Webster Township
Revere	Staples	Welcome
Riverton	St. Charles	Wells
Rochester	Stewartville	West Concord
Roseau	Sturgeon Lake	Willow River
Rose Creek	Taopi	Windemere Township
Rosemount	Thomson Township	Windom
Rush City	Thief River Falls	Worthington
Rushford	Tracy	Wrenshall
Rushford Village	Trimont	Wykoff
Rush Lake Township	Truman	Zemple
Sanborn	Twin Lakes	Zumbrota
Sand Lake	Twin Lake Township	

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**MINNESOTA COUNTIES SERVED BY MERC**

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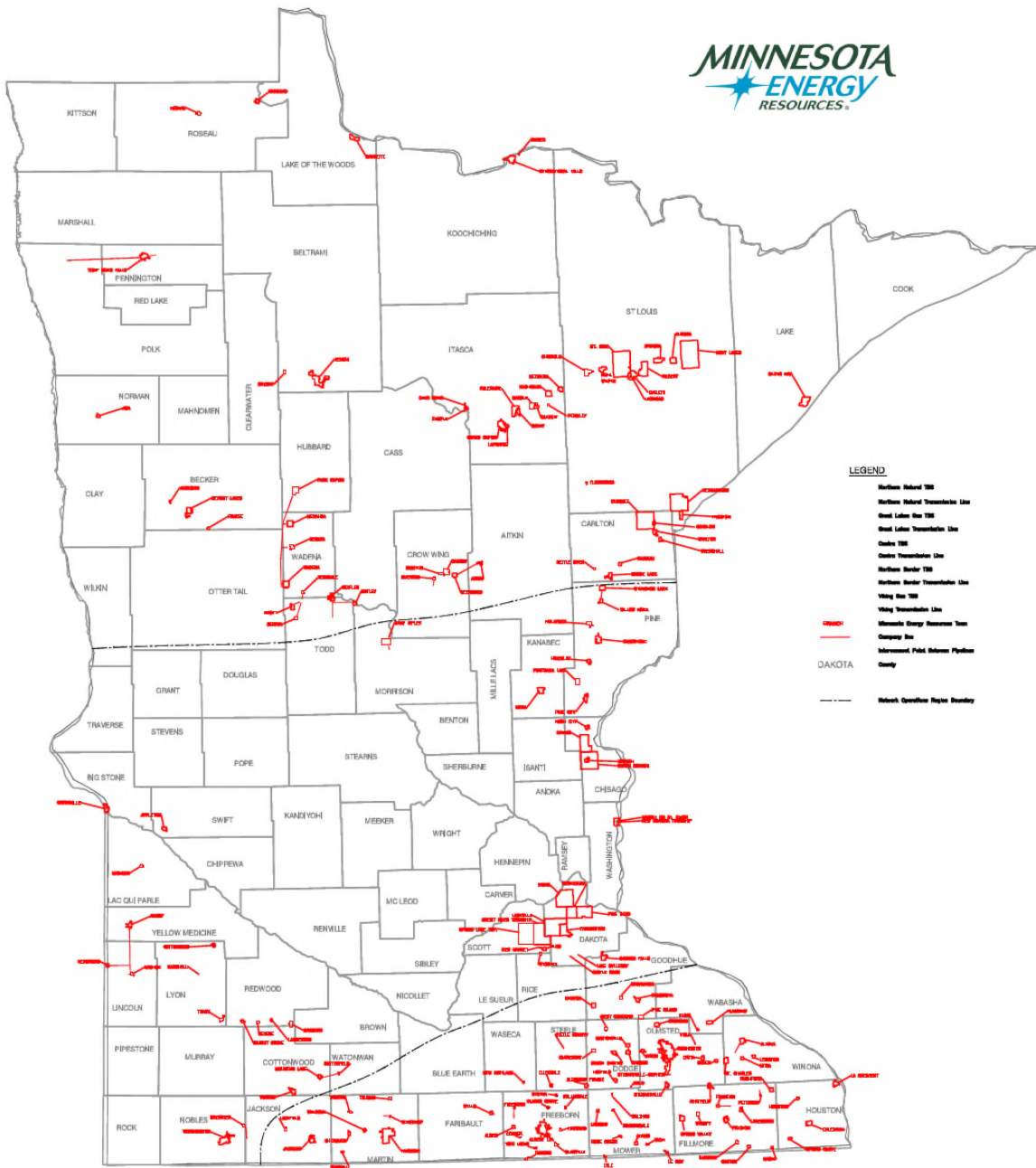
3rd Revised Sheet No. 2.02

Aitkin	Itasca	Redwood
Anoka	Jackson	Renville
Becker	Kanabec	Rice
Beltrami	Kandiyohi	Roseau
Benton	Koochiching	Scott
Big Stone	Lac qui Parle	Sherburne
Blue Earth	Lake	Sibley
Brown	Lake of the Woods	Steele
Carlton	Le Sueur	St. Louis
Carver	Lincoln	Stearns
Chisago	Lyon	Steele
Cottonwood	Martin	Stevens
Crow Wing	McLeod	Swift
Dakota	Meeker	Todd
Dodge	Morrison	Wabasha
Douglas	Mower	Wadena
Faribault	Nobles	Waseca
Fillmore	Norman	Washington
Freeborn	Olmsted	Watsonwan
Goodhue	Ottertail	Winona
Hennepin	Pennington	Wright
Houston	Pine	Yellow Medicine
Hubbard	Pipestone	
Isanti	Pope	

CANCELLED

MAP OF MERC SERVICE AREA

2nd Revised Sheet No. 2.04



CANCELLED

CONTACT LIST

The following list sets out Company's management personnel who are authorized to receive, act upon and respond to communications from the Commission. In each instance, the individuals are listed in order of who should be first contacted under each category.

A. General Management Duties:

1. Tariff Rates, Financial Data and All Other Items Not Specifically Covered Below:

Amber S. Lee, Regulatory and Legislative Affairs Manager  
(651) 322-8965

2. Tariff Rules and Regulations; Pass along Increases and Related Refunds:

Amber S. Lee, Regulatory and Legislative Affairs Manager  
(651) 322-8965

B. Customer Relations:

Nancy Lilienthal – Senior Administrative Assistant  
(651) 322-8902

Amber S. Lee, Regulatory and Legislative Affairs Manager  
(651) 322-8965

C. Emergencies - Non-Office Hours:

Emergency telephone numbers of the Company in each community served are listed in the telephone directory for that community. After hours, MERC can also be reached at 1-800-889-9508 for customer services and at 1-800-889-4970 for emergencies.

**TECHNICAL TERMS AND ABBREVIATIONS**

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1st Revised Sheet No. 4.00

TECHNICAL TERMS AND ABBREVIATIONS

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 the Company are common terms in the industry. For clarification purposes such terms are defined in Rules and Regulations.

**RATE SCHEDULE GS-NNG GENERAL SERVICE**

10th Revised Sheet No. 5.00

1. Availability: Service under this rate schedule is available customers supplied by Northern Natural Gas in MERC's Minnesota Service Area meeting the specified usage requirements provided below. This rate schedule shall apply to firm gas service for Residential, Commercial, and Industrial Customers. Such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
2. Classes or Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas
Residential	Any	\$9.50	\$0.28789	\$0.46767
Commercial & Industrial Firm Class 1	0 – 1,500	\$18.00	\$0.26259	\$0.46767
Commercial & Industrial Firm Class 2	1,501 – 100,000	\$45.00	\$0.15543	\$0.46767
Commercial & Industrial Firm Class 3	100,001 – 1,000,000	\$165.00	\$0.13758	\$0.46767
Commercial & Industrial Firm Class 4	1,000,001 – 2,000,000	\$185.00	\$0.11528	\$0.46767
Commercial & Industrial Firm Class 5	Greater than 2,000,000	\$360.00	\$0.03993	\$0.46767

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.



**RATE SCHEDULE GS-NNG FARM-TAP SALES**

3rd Revised Sheet No. 5.01

1. Availability: Service under this rate schedule is available to customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided in consideration for an easement granted directly to Northern Natural Gas or its predecessors. Such customers are referred to as “Farm Tap Customers.” This rate schedule shall apply to firm gas service for all Farm Tap Customers. Such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
2. Classes or Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas
Residential Farm-Tap	Any	\$9.50	\$0.28789	\$0.46767
Commercial & Industrial Farm Tap Class 1	0 – 1,500	\$18.00	\$0.26259	\$0.46767
Commercial & Industrial Farm Tap Class 2	1,501 – 100,000	\$45.00	\$0.15543	\$0.46767
Commercial & Industrial Farm Tap Class 3	100,001 – 1,000,000	\$165.00	\$0.13758	\$0.46767
Commercial & Industrial Firm Class 4	1,000,001 – 2,000,000	\$185.00	\$0.11528	\$0.46767
Commercial & Industrial Firm Class 5	Greater than 2,000,000	\$360.00	\$0.03993	\$0.46767

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

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**RATE SCHEDULE GS-NNG FARM-TAP SALES**

9th Revised Sheet No. 5.02

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4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule with the exception of Section 2.F. Meter Reading. The following provision shall apply instead:

F. Meter Reading:

Farm Tap Customers shall supply meter readings on a form supplied by the Company and return them promptly each month (every 30 days). If the customer fails to supply a meter reading form in time for the billing operation or in case of emergency (storms, accidents, etc.), an estimated reading may be rendered. Estimated bills shall be based on the customer's historical actual consumption, if available, or rate schedule history where historical actual consumption is not available. Each Farm Tap Customer will receive at least one actual reading within a twelve month period. After a reading is obtained, if there is any material difference, an adjusted bill shall be rendered for the period since the last previous reading of the meter.

**RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE**

3rd Revised Sheet No. 5.02a

1. Availability: Service under this rate schedule is available customers supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Central in MERC's Minnesota Service Area meeting the specified usage requirements provided below. This rate schedule shall apply to firm gas service for Residential, Commercial, and Industrial Customers. Such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
2. Classes or Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas
Residential	Any	\$9.50	\$0.28789	\$0.38990
Commercial & Industrial Firm Class 1	0 – 1,500	\$18.00	\$0.26259	\$0.38990
Commercial & Industrial Firm Class 2	1,501 – 100,000	\$45.00	\$0.15543	\$0.38990
Commercial & Industrial Firm Class 3	100,001 – 1,000,000	\$165.00	\$0.13758	\$0.38990
Commercial & Industrial Firm Class 4	1,000,001 – 2,000,000	\$185.00	\$0.11528	\$0.38990
Commercial & Industrial Firm Class 5	Greater than 2,000,000	\$360.00	\$0.03993	\$0.38990

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

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**RATE SCHEDULE NNG INTERRUPTIBLE SERVICE**

7th Revised Sheet No. 5.10

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1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Northern Natural Gas in MERC's Minnesota Service Area except for Farm Tap, Agricultural Grain Dryer and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies.
  
2. Transfer of Service: A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A 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, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
  
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.

**RATE SCHEDULE NNG INTERRUPTIBLE SERVICE (Continued)**

7th Revised Sheet No. 5.11

3. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm (CIP Applicable)	Distribution Charge Per Therm (CIP Exempt)	Base Cost of Gas (interruptible)
Commercial & Industrial Interruptible Class 1	0 – 1,500	\$18.00	\$0.22259	N/A	\$0.37406
Commercial & Industrial Interruptible Class 2	1,501 – 100,000	\$45.00	\$0.11472	N/A	\$0.37406
Commercial & Industrial Interruptible Class 3	100,001 – 1,000,000	\$165.00	\$0.09472	N/A	\$0.37406
Commercial & Industrial Interruptible Class 4	1,000,001 – 2,000,000	\$185.00	\$0.07242	N/A	\$0.37406
Commercial & Industrial Interruptible Class 5	2,000,001 and greater	\$360.00	\$0.03443	\$0.00490	\$0.37406

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.



7. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
8. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

**RATE SCHEDULE NNG AGRICULTURAL GRAIN DRYER SERVICE**

3rd Revised Sheet No. 5.13

1. Availability: Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.17953	\$0.37406
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.37406
Agricultural Grain Dryer Class 3	500,001 or more	\$185.00	\$0.05860	\$0.37406

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
4. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.
5. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

**RATE SCHEDULE NNG ELECTRIC GENERATION SERVICE**

7th Revised Sheet No. 5.14

1. Availability: Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.10953	\$0.37406
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.37406

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
4. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.
5. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

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**RATE SCHEDULE NNG FIRM/INTERRUPTIBLE SERVICE**

7th Revised Sheet No. 5.15

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1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. A Firm/Interruptible customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A 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, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
3. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

**RATE SCHEDULE NNG FIRM/INTERRUPTIBLE SERVICE**  
 (Continued)

4th Revised Sheet No. 5.16

7. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range (Annual)	Monthly Customer Charge	Firm Distribution Charge Per Therm	Interruptible Distribution Charge Per Therm	Base Cost of Gas (Firm Nominations)	Base Cost of Gas (Interruptible)
Commercial & Industrial Firm/Interruptible Class 1	0 – 1,500	\$18.00	\$0.26259	\$0.22259	\$0.46767	\$0.37406
Commercial & Industrial Firm/Interruptible Class 2	1,501 – 100,000	\$45.00	\$0.15543	\$0.11472	\$0.46767	\$0.37406
Commercial & Industrial Firm/Interruptible Class 3	100,001 – 1,000,000	\$165.00	\$0.13758	\$0.09472	\$0.46767	\$0.37406
Commercial & Industrial Firm/Interruptible Class 4	1,000,001 – 2,000,000	\$185.00	\$0.11528	\$0.07242	\$0.46767	\$0.37406
Commercial & Industrial Firm/Interruptible Class 5	2,000,001 and greater	\$360.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.46767	\$0.37406
Agricultural Grain Dryer Firm/Interruptible Class 1	0 – 20,000	\$45.00	\$0.22024	\$0.17953	\$0.46767	\$0.37406
Agricultural Grain Firm/Interruptible Dryer Class 2	20,001 – 500,000	\$45.00	\$0.12221	\$0.08150	\$0.46767	\$0.37406
Agricultural Grain Firm/Interruptible Dryer Class 3	500,001 or more	\$185.00	\$0.10146	\$0.05860	\$0.46767	\$0.37406
Electric Generation Firm/Interruptible Class 1	0 – 500,000	\$45.00	\$0.15024	\$0.10953	\$0.46767	\$0.37406
Electric Generation Firm/Interruptible Class 2	500,001 or more	\$360.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.46767	\$0.37406

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area except for Agricultural Grain Dryer and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies.
  
2. Transfer of Service: A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A 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, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
  
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.

**RATE SCHEDULE CONSOLIDATED INTERRUPTIBLE SALES SERVICE**

3rd Revised Sheet No. 5.18

(Continued)

4. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm (CIP Applicable)	Distribution Charge Per Therm (CIP Exempt)	Base Cost of Gas
Commercial & Industrial Interruptible Class 1	0 – 1,500	\$18.00	\$0.22259	N/A	\$0.31575
Commercial & Industrial Interruptible Class 2	1,501 – 100,000	\$45.00	\$0.11472	N/A	\$0.31575
Commercial & Industrial Interruptible Class 3	100,001 – 1,000,000	\$165.00	\$0.09472	N/A	\$0.31575
Commercial & Industrial Interruptible Class 4	1,000,001 – 2,000,000	\$185.00	\$0.07242	N/A	\$0.31575
Commercial & Industrial Interruptible Class 5	2,000,001 and greater	\$360.00	\$0.03443	\$0.00490	\$0.31575

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
6. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
7. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

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**RATE SCHEDULE CONSOLIDATED INTERRUPTIBLE SALES SERVICE**  
(Continued)

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5th Revised Sheet No. 5.19

8. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
9. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.



**RATE SCHEDULE CONSOLIDATED AGRICULTURAL GRAIN DRYER SERVICE** 1st Revised Sheet No. 5.19a

1. Availability: Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.17953	\$0.31575
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.31575
Agricultural Grain Dryer Class 3	500,001 or more	\$185.00	\$0.05860	\$0.31575

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
4. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.
5. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

**RATE SCHEDULE CONSOLIDATED ELECTRIC GENERATION SERVICE** 7th Revised Sheet No. 5.20

1. Availability: Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.10953	\$0.31575
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.31575

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

3. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
4. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm. Customer will also be responsible for all applicable rates and charges hereunder for unauthorized gas.
5. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

**RATE SCHEDULE CONSOLIDATED FIRM/INTERRUPTIBLE SERVICE**  
(Continued)

8th Revised Sheet No. 5.21

1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. A Firm/Interruptible customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A 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, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
3. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

**RATE SCHEDULE CONSOLIDATED FIRM/INTERRUPTIBLE SERVICE**  
(Continued)

3rd Revised Sheet No. 5.21a

2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range (Annual)	Monthly Customer Charge	Firm Distribution Charge Per Therm	Interruptible Distribution Charge Per Therm	Base Cost of Gas (Firm Nominations)	Base Cost of Gas (Interruptible)
Commercial & Industrial Firm/Interruptible Class 1	0 – 1,500	\$18.00	\$0.26259	\$.22259	\$0.38990	\$0.31575
Commercial & Industrial Firm/Interruptible Class 2	1,501 – 100,000	\$45.00	\$0.15543	\$0.11472	\$0.38990	\$0.31575
Commercial & Industrial Firm/Interruptible Class 3	100,001 – 1,000,000	\$165.00	\$0.13758	\$0.09472	\$0.38990	\$0.31575
Commercial & Industrial Firm/Interruptible Class 4	1,000,001 – 2,000,000	\$185.00	\$0.11528	\$0.07242	\$0.38990	\$0.31575
Commercial & Industrial Firm/Interruptible Class 5	2,000,001 and greater	\$360.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.38990	\$0.31575
Agricultural Grain Dryer Firm/Interruptible Class 1	0 – 20,000	\$45.00	\$0.22024	\$0.17953	\$0.38990	\$0.31575
Agricultural Grain Firm/Interruptible Dryer Class 2	20,001 – 500,000	\$45.00	\$0.12221	\$0.08150	\$0.38990	\$0.31575
Agricultural Grain Firm/Interruptible Dryer Class 3	500,001 or more	\$185.00	\$0.10146	\$0.05860	\$0.38990	\$0.31575
Electric Generation Firm/Interruptible Class 1	0 – 500,000	\$45.00	\$0.15024	\$0.10953	\$0.38990	\$0.31575
Electric Generation Firm/Interruptible Class 2	500,001 or more	\$360.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)	\$0.38990	\$0.31575

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

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**CANCELED**

TRANSPORTATION SERVICES

6th Revised Sheet No. 6.00

1. Availability and Rates: Service under this rate schedule is available to any non-general service customer who purchases gas supplies that can be transported to MERC’s distribution system. Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes, at the following applicable rates:

Customer Class	Therm Usage Range (Annual)	Monthly Customer Charge	Monthly Administrative Fee	Firm Distribution Charge Per Therm	Interruptible Distribution Charge Per Therm
Commercial & Industrial Firm/Interruptible Class 1 Transport	0 – 1,500	\$18.00	\$150.00	\$0.26259	\$0.22259
Commercial & Industrial Firm/Interruptible Class 2 Transport	1,501 – 100,000	\$45.00	\$150.00	\$0.15543	\$0.11472
Commercial & Industrial Firm/Interruptible Class 3 Transport	100,001 – 1,000,000	\$165.00	\$150.00	\$0.13758	\$0.09472
Commercial & Industrial Firm/Interruptible Class 4 Transport	1,000,001 – 2,000,000	\$185.00	\$150.00	\$0.11528	\$0.07242
Commercial & Industrial Firm/Interruptible Class 5 Transport	2,000,001 and greater	\$360.00	\$150.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)
Agricultural Grain Dryer Firm/Interruptible Class 1 Transport	0 – 20,000	\$45.00	\$150.00	\$0.22024	\$0.17953
Agricultural Grain Firm/Interruptible Dryer Class 2 Transport	20,001 – 500,000	\$45.00	\$150.00	\$0.12221	\$0.08150
Agricultural Grain Firm/Interruptible Dryer Class 3	500,001 or more	\$185.00	\$150.00	\$0.10146	\$0.05860
Electric Generation Firm/Interruptible Class 1 Transport	0 – 500,000	\$45.00	\$150.00	\$0.15024	\$0.10953
Electric Generation Firm/Interruptible Class 2 Transport	500,001 or more	\$360.00	\$150.00	\$0.03993 (CIP Applicable) \$0.0105 (CIP Exempt)	\$0.03443 (CIP Applicable) \$0.00490 (CIP Exempt)

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TRANSPORTATION SERVICES

6th Revised Sheet No. 6.01

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2. Type of Service: Transportation services are available on a firm or interruptible basis, contingent on adequate interstate pipeline and distribution capacity. To take transportation service on a firm basis, customer must arrange firm transportation for gas supply on an interstate pipeline serving Company's distribution system. The customer must provide Company a Certification confirming this firm transportation signed by the customer and, if applicable, the marketer. Company must expressly approve the customer's requested firm nominations.
3. Other Rates and Charges: In addition to applicable rates above, other charges for Transportation service could include but are not limited to the following:
- Balancing and Scheduling Charges and Penalties
  - Late Payment Charges
  - Franchise Fees
  - Conservation Cost Recovery Charges and Conservation Cost Recovery Adjustments (for non-CIP Exempt customers, as reflected in Tariff Sheet No. 7.02)
  - Unauthorized gas fees and penalties, including penalties and charges passed on by the pipeline that the customer causes the Company to incur
  - Any other costs, charges, penalties, or assessments passed on by the pipeline that the customer causes the Company to incur.

BTU Adjustment: Customer billed usage is in therm volumes that are derived by applying BTU adjustment factors as necessary. Company meter readings will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.

Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

4. Terms and Conditions of Service:

- A. Transport Contract Requirements: Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Customer must sign Company's contract for Transportation Service to each delivery point. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.
- B. Telemetry: All transportation customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.
- C. Transportation Order of Billing: The order of gas delivery for purposes of billing will be as follows:
- a. First, customer-owned firm volumes.
  - b. Second, customer-owned interruptible volumes.
  - c. Third, sales gas priced per Company's applicable sales tariffs.
- D. Failure of Transportation Supply: If a customer or a customer's supplier notified Company that it will be unable to deliver volumes to Company's Town Border Station sufficient to meet daily consumption, Company will use reasonable efforts to make gas available to the customer. Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If Company is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or incur the penalty associated with the use of Unauthorized Gas.
- E. Curtailment Events – Firm Volumes: During an interruption or curtailment event, firm transportation customers will be limited to the natural gas delivered to their company designated Town Boarder Station or delivery point. Customers who have no natural gas delivered during an interruption or curtailment event will be expected to self-curtail their natural gas usage. If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request.
- F. Curtailment Events – Interruptible Volumes: The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm.
- G. General Terms and Condition: The General Terms and Conditions contained in this tariff shall apply to all Transportation customers under this rate schedule.

5. Class Switching: Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1.
- A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A 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, without jeopardizing system reliability or increasing costs for its other customers.
- If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and storage costs, and any other demand costs.
5. Nomination, Balancing, and Scheduling Charges: The following provisions apply to all Transportation customers.
- A. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline. Customer will provide Company with a concurrent copy of all nominations made to the transporting pipeline for deliveries nominated to Company's Town Border Stations. Nominations must be to areas of the Company's distribution system within the same interstate pipeline operational zone servicing the customer's location.
- B. Daily Balancing: To assure Company's system integrity, the customer is responsible for: 1) scheduling deliveries which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points. When daily volumes of natural gas delivered on behalf of customer to the Company's receipt points or natural gas received at customer's designated delivery point differ, above or below daily scheduled volumes, the customer is out-of-balance. It is the customer's sole responsibility to maintain balance between nominated volumes and actual use, however, the Company reserves the right to adjust or refuse nominations to maintain balance. Volume differences between daily receipts and deliveries shall be accumulated and recorded in customer's account. Company shall determine the imbalance quantity for each day on a therm basis. Company shall then account for the imbalance volumes according to the Daily Scheduling Charges below.

C. Daily Scheduling Charges: Each Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur. Additionally, any upstream costs that can be identified as being caused by a specific customer will be assigned to that customer.

a. Northern Natural Gas Daily Scheduling Charges

Non-SUL/SOL/CRITICAL DAYS: When a customer's scheduled deliveries to the Company differ from daily consumption a tolerance of +/-5% of confirmed nomination will be applied. For consumption within tolerance, no scheduling charges will be applied. For consumption outside tolerance, a scheduling charge will be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area

SOL Days: On days that Northern Natural Gas calls a System Overrun Limitation (SOL), the following charges will be applied:

For consumption up to 105% of confirmed nomination, \$.10 per therm.

For consumption greater than 105% of confirmed nomination, \$1.066 per therm.

If consumption is less than the confirmed nomination, there is no charge.

SUL Days: On days that Northern Natural Gas declares a System Under run Limitation (SUL), the 5% daily imbalance will be suspended and a daily charge of \$.10 per therm for each therm of consumption less than the confirmed nomination will be charged. If consumption is greater than the confirmed nomination, there is no charge.

Critical Days: On days that Northern Natural Gas declares a Critical Day, a charge equal to the daily delivery variance charge (DDVC) of the pipeline will apply to those volumes in excess of the confirmed nomination level. Currently, this charge is as much as \$11.30 per therm.

b. Great Lakes and Viking Daily Scheduling Charges

i. Any penalties incurred as a result of the customer will be passed along to the customer.

ii. Any upstream costs that can be specifically identified as being caused by a specific customer will be assigned to that customer.

iii. These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

D. Monthly Imbalances: Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. The Company shall determine the imbalance quantity for each month on a therm basis. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure.



Northern Natural Gas—Monthly Imbalances: The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period. The MIPs shall be determined as follows:

- i. High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be \$0.07/dekatherm.
- ii. Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.
- iii. Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

<u>Imbalance Level</u>	<u>Due Company</u>	<u>Due Customer</u>
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:

If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of \$2.23: (\*)

3 dekatherm at MIP * 100%	\$ 6.69
2 dekatherm at MIP * 102%	\$ 4.55
5 dekatherm at MIP * 110%	\$12.26
5 dekatherm at MIP * 120%	\$13.38
5 dekatherm at MIP * 130%	\$14.49
10 dekatherm at MIP * 140%	<u>\$31.22</u>
	\$82.59

(\*) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company’s storage account to breach any contractual limitations, or would otherwise cause undue harm to Company’s management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes – Monthly Imbalances

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the “Transportation Component” if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the “Transportation Component” if deliveries are less than scheduled nominations. For Viking, the “Transportation Component” shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking’s tariff. For Great Lakes, the “Transportation component” shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC’s Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

<u>% Monthly Imbalance</u>	<u>Company Pays Customer Following % of Index Price</u>
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
<20%	50% Average Monthly

Schedule B

<u>% Monthly Imbalance</u>	<u>Customer Pays Company Following % of Index Price</u>
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
<20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the “Weekly Price Survey” of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the “Average Monthly Index Price” shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily’s “Weekly Price Survey” is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.

TRANSPORTATION SERVICES  
AGGREGATION SERVICE

4th Revised Sheet No. 6.08

1. Availability: Aggregation Service is optional and available to any transportation customer within the same interstate pipeline operational zone. Under this service, a Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
2. Rates: The cost of the aggregation service is \$.00425 per therm of gas delivered to the aggregated group.

Charge Description	\$/Therm	Additional Description
Aggregation Fee	\$.00425	All gas delivered to aggregated group.

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TRANSPORTATION SERVICES  
VOLUME BALANCING SERVICE

6th Revised Sheet No. 6.09

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1. Availability: This optional balancing and service is available to any transportation customer. Transportation Balancing Service is provided on a firm basis, subject to suspension in the event of interruption or constraint.
  - A. Small Volume Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers who elect this service shall enter into a Small Volume Balancing Service agreement with Company. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a Critical Day or Operational Flow Order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours' notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13 below for each dekatherm that customer failed to deliver.
  - B. Large Volume Balancing: This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating. Customers who elect this service shall enter into a Large Volume Balancing Service agreement with Company. This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7 of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges.  $(100 \times 5\% + 20 = 25 \text{ MMBtu} +/-)$ .

TRANSPORTATION SERVICES  
 VOLUME BALANCING SERVICE (Continued)

Original Sheet No. 6.10

B. Large Volume Balancing (Continued):

This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service as stated above is equivalent to Northern Natural Gas' SMS demand charge. A variable charge shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas.

The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

**Balancing Service Charges**

Charge Description	\$/Therm	Additional Description
<b>Small Volume Balancing</b>		
Daily Balancing per volume transported	\$0.00700	Offsets Cost of Gas WACOG
<b>Large Volume Balancing</b>		
Demand Charge Reservation Rate	\$0.21800	
Variable Rate	\$0.00208	Applied to volumes outside daily tolerance of +/- 5%

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**CANCELED**

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FLEXIBLE RATE GAS SERVICE RIDER

6th Revised Sheet No. 6.30

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1. Availability: Service under this rate schedule is limited to customers subject to effective competition. (“Effective competition” means that a customer who either receives interruptible service or whose daily requirement exceeds 50 dekatherm maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, or cellulosic materials, at comparable prices from a supplier not regulated by the Commission.)

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company’s system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company’s system are eligible to take service under flexible tariffs.

2. Rate:  
Minimum and maximum charges are shown on Sheet 7.07, Columns G and H , for each class of Transport customer eligible to take flexible-rate service.
- A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
  - B. The minimum monthly bill shall be the sum of the Customer Charge, Transport Administrative Fee, and the daily firm nomination charge (if applicable).
  - C. The charge for daily firm nominations shall be \$0.04286 per therm for all volumes nominated as firm. This charge shall be in addition to the applicable per therm distribution rate.
3. Election of Service: Service under this rider is at the option of the customer, except that, customers who use alternative energy supplies as described in Section 1 are limited to taking service under this rider. Any customer electing service under this rider must remain on this rider for a period of at least one year.
4. Default Rate: If a rate cannot be negotiated in a timely manner, the customer agrees to pay Company a default rate equal to the applicable upward flexible rate shown on Sheet 7.07.
5. Terms and Conditions Applicable to Flexible Rate Customers: All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this flexible rate tariff.

**CANCELED**

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other “Transportation for Resale” customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.
2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers. The end-use customers for this service are firm customers. Customers under this rate schedule are required to secure Daily Firm Nominations at the MDQ level. If customers do not secure Daily Firm Nominations and demonstrate firm capacity on the pipeline, they may be interrupted.
3. Rate:
  - A. Fixed Charge: The customer charge shall be \$185.00 per month plus a charge of \$150.00 per month for administrative costs related to transportation.
  - B. Tariff Margin Charge: All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$0.07428 per therm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.
  - C. Firm/Interruptible Daily Firm Nominations: Firm/Interruptible service is available contingent upon adequate distribution system capacity and customer having arranged for firm transportation of gas supply. Terms and Conditions for Transportation Services shall apply. The customer is responsible for purchasing interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a Certification signed by the customer and the third party supplier). The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers. The following rates shall apply:

Distribution Charge Per Therm for Firm Nominations	Distribution Charge Per Therm for Interruptible Volumes
\$0.11900	\$0.07614

4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.
5. Volume Adjustment:

Rates are based on gas with the equivalent heating value of 1000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

**CANCELED**

**PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE**

2nd Revised Sheet No. 7.00

1. Rates Subject to the Purchased Gas Adjustment (PGA) Clause: All gas utility rate schedules shall be subject to a gas cost adjustment as defined in 2. and 3. below. Since the Company purchases gas from different supply sources, the Company will determine the delivered cost of gas purchased by Supplier and implement any change in the billing rate which exceeds .3 cents per therm. The Company will also update its PGA every three months since the last change, which exceeded .3 cents per therm.

2. Determination of Purchased Gas Adjustment Amount: For purpose of computing the Purchased Gas Adjustment, the following formula will be used:

$$\frac{PD}{V} + WACOG + \frac{A}{V^I} - B = \text{Gas Cost Adjustment}$$

Where:

PD = Demand Cost: (1) The cost of purchased gas to be sold calculated by multiplying the current cost of purchased gas from each supplier times the last authorized demand volumes approved by the Commission and (2) The costs of firm transportation are calculated by multiplying the current cost from each supplier times the last demand volumes approved by the Commission.

WACOG = Projected weighted average cost of gas: The cost of purchased gas to be sold calculated by multiplying the estimated cost per dekatherm, therm or Btu by supplier (including transportation commodity costs) times the estimated purchase volumes by supplier for the upcoming month.

A = The current balance of unrecovered or over-recovered purchased gas costs. This is calculated once a year and filed each September 1 as explained in 5. on Sheet No. 7.01.

V = The sales volume for the forthcoming twelve month period ending August 31. The annual volumes shall:

- A. Be adjusted to reflect normal temperatures.
- B. Be for the most recent twelve months of the fourteen months immediately preceding the effective date of any demand increase or decrease.
- C. Once normalized, be further adjusted by an average percentage change in normalized sales computed over the preceding three year period.
- D. Also change in accordance with Minnesota Rules 7825.2390 - 7825.3000.

V<sup>I</sup> = Projected 12 months sales volumes.

B = Actual purchased gas cost embedded in the gas utility filed rate schedules based on purchase and sales volumes established during the base period including all adjustments approved by the Commission.

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**PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE**  
(Continued)

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2nd Revised Sheet No. 7.01

3. Application of Calculation

The formula  $\frac{PD}{V} + WACOG + \frac{A}{V - B}$  identified previously will be calculated separately for each supplier and/or supply zone (where separate rate schedules are maintained), if appropriate by class of service for interruptible, firm and general service sales. Demand charges will be assigned on a unit basis to applicable customers.

4. Cost Included in the Purchased Gas Adjustment: The cost of gas included in the computation shall consist of all costs properly included in FERC Accounts 800 through 812, transportation charges and all other charges incurred to obtain gas supplies.

5. Frequency of Change: The underrecovery/overrecovery balance adjustments under this provision shall be computed and filed by September 1 of each year.

Accounting Requirement: Subsequent to the effective date of this clause, the Company shall maintain a continuing monthly comparison of the actual cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by multiplying the volumes sold during said month by the currently effective rate for purchased gas. The difference in the actual cost of gas and the cost recovery represents the over/under recovery for the month. The total differences for the twelve-month period ending August 31 represent the balance of underrecovered or overrecovered purchased gas cost for the period. The balance for the period, plus the balance at the beginning of the period, and any adjustments represent the current balance in the Account (“A” in the formula above).

Costs included in the Purchased Gas Adjustment will be offset by the revenues collected from Company’s Small Volume Balancing Service on a yearly basis in the annual Reconciliation Adjustment.

The Company shall maintain an over/under account for each supply zone for the under-recovered or over-recovered purchased gas costs on a monthly basis.

6. Treatment of Refund: Refunds and interest thereon received from the suppliers of purchased gas that are attributable to the cost of gas previously sold will be refunded by credits to bills or by checks within a period not to exceed 90 days from the date the refund is received from a supplier, provided the refund amount per customer is equal to or greater than five dollars. The utility shall include the unrefunded balance as an adjustment to the balance of under recovered or over recovered purchased gas cost for the period as explained in the Accounting Requirements above.

7. Information to be Filed with the Commission: Each Purchased Gas Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require.

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**CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT**

7th Revised Sheet No. 7.02

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1. Applicability of Conservation Cost Recovery Charge and Adjustment:

“Large Energy Facility”, as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the “Large Energy Facility” customers can no longer participate in any utility’s Energy Conservation Improvement Program.

“Large Customer Facility” customers that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Large Customer Facility” customers can no longer participate in the Company’s Energy Conservation Improvement Program.

“Commercial Gas Customers” that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Commercial Gas Customers” can no longer participate in the Company’s Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company’s rate case. The CCRC factor is approved and applied on a per therm basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:

All Classes MERC	\$0.02953/therm*
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3. Adjustment: There shall be included on each customer’s monthly bill a CCRA factor multiplied by the customer’s monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.

4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

\* Proposed for approval effective January 1, 2018 with interim rates in Docket No. G011/GR-17-563.

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**CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT**

5th Revised Sheet No. 7.02a

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All Classes MERC \$0.01024\*

\*Approved effective January 1, 2018 in Docket No. G011/M-17-340

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat. § 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.



**MINNESOTA ENERGY RESOURCES CORPORATION**  
**MERC-NNG**  
**MERC-Consolidated**

**MINNESOTA PUBLIC UTILITIES COMMISSION**  
**### Revised Sheet No. 7.07**  
**Superceding ### Revised Sheet No. 7.07**

	As approved in Docket No. G011/MR-17-564							
	Per Therm							
	Rates Subject to Fuel Adjustment Clause							
	(A)	(B)	(C)	(D)	(A+B+C)	(D+E)	(G)	(D-G+D)
	Base Gas	PGA	Annual	Tariff	Total	Total	Minimum	Maximum
	Cost**	Adjustment	ACA	Margin	Rate w/o	Tariff	Flex	Flex
			Adjustment		Margin	Rate	Margin	Margin
<u>Interruptible</u>								
Class 1 - NNG	0.37406	0.00000	0.03642	0.22259	0.41048	0.63307	0.00450	0.44068
Class 2 - NNG	0.37406	0.00000	0.03642	0.11472	0.41048	0.52520	0.00450	0.22494
Class 3 - NNG	0.37406	0.00000	0.03642	0.09742	0.41048	0.50790	0.00450	0.19034
Class 4 - NNG	0.37406	0.00000	0.03642	0.07242	0.41048	0.48290	0.00450	0.14034
Class 5 - NNG	0.37406	0.00000	0.03642	0.00490	0.41048	0.41538	0.00450	0.00530
Class 1 - CON	0.31575	0.00000	(0.00378)	0.22259	0.31197	0.53456	0.00450	0.44068
Class 2 - CON	0.31575	0.00000	(0.00378)	0.11472	0.31197	0.42669	0.00450	0.22494
Class 3 - CON	0.31575	0.00000	(0.00378)	0.09742	0.31197	0.40939	0.00450	0.19034
Class 4 - CON	0.31575	0.00000	(0.00378)	0.07242	0.31197	0.38439	0.00450	0.14034
Class 5 - CON	0.31575	0.00000	(0.00378)	0.00490	0.31197	0.31687	0.00450	0.00530
<u>Daily Firm Capacity (Monthly Rate)</u>								
Class 1 - NNG	2.80830	0.00000	0.00000	1.20000	2.80830	4.00830	0.00000	2.40000
Class 2 - NNG	2.80830	0.00000	0.00000	1.22130	2.80830	4.02960	0.00000	2.44260
Class 3 - NNG	2.80830	0.00000	0.00000	1.28580	2.80830	4.09410	0.00000	2.57160
Class 4 - NNG	2.80830	0.00000	0.00000	1.28580	2.80830	4.09410	0.00000	2.57160
Class 5 - NNG	2.80830	0.00000	0.00000	0.16500	2.80830	2.97330	0.00000	0.33000
Class 1 - CON	2.22450	0.00000	0.00013	1.20000	2.22463	3.42463	0.00000	2.40000
Class 2 - CON	2.22450	0.00000	0.00013	1.22130	2.22463	3.44593	0.00000	2.44260
Class 3 - CON	2.22450	0.00000	0.00013	1.28580	2.22463	3.51043	0.00000	2.57160
Class 4 - CON	2.22450	0.00000	0.00013	1.28580	2.22463	3.51043	0.00000	2.57160
Class 5 - CON	2.22450	0.00000	0.00013	0.16500	2.22463	2.38963	0.00000	0.33000

\*If customer prefers to be a Transportation only customer, the Base Gas Cost Component of Firm Transportation is the NNG TF12 Base

\*\*Base Gas Cost as approved in Docket No. G011/MR-17-564 for NNG & Consolidated PGA systems.

Issued by: T. T. Eidukas  
Vice-President  
Submitted Date: 13-Oct-17

Effective Date: Upon Commission Approval

MNM0917

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**GAS AFFORDABILITY PROGRAM (GAP)**

4th Revised Sheet No. 7.09

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1. Availability:

GAP is available to residential customers in the MERC Minnesota service area who have been qualified and receive assistance from the Low Income Home Energy Assistance Program (“LIHEAP”) during the federal fiscal year (“Program Year”).

2. Program Description and Rate Impact for Qualifying Customers:

This Program shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income programs. The Program has two components: 1) Affordability, and 2) Arrearage Forgiveness. MERC or an agent of MERC, will review current billing and consumption information, approved LIHEAP benefits and household income information as submitted to MERC to determine a Qualified Customer’s affordability bill credit and arrearage forgiveness. A Qualified Customer’s payment each month shall include both payment of the customer’s current month’s bill after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customer’s pre-program arrears.

2.1. *Affordability Component:*

The Affordability component consists of a bill credit determined as one-twelfth of the difference between MERC’s estimate of the Qualified Customer’s annual gas bill and 6% of the Qualified Customer’s household income as provided by the Qualified Customer to MERC. This bill credit is a Program cost that will be included in the Tracker. Any energy assistance sums not applied to arrears will be applied to a Qualified Customer’s current bill.

2.2. *Arrearage Forgiveness Component:*

The Arrearage Forgiveness component consists of a monthly credit that will be applied each month after receipt of the Qualified Customer’s payment. The credit will be designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the Qualifying Customer’s contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a Program cost that will be included in the Tracker.

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**GAS AFFORDABILITY PROGRAM (GAP)**  
(Continued)

4th Revised Sheet No. 7.10

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3. Conditions of Service:

- 3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.
- 3.2. Before the start of an enrollment period, MERC will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to MERC before the close of the enrollment period.
- 3.3. Regardless of arrears balances, MERC agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.
- 3.4. Qualified Customers must maintain an active MERC account in said customer's name at their permanent primary residence only to be eligible for this Program.
- 3.5. Qualified Customers agree to notify MERC of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.
- 3.6. If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC's regular collection practices including the possibility of disconnection.

4. Funding:

- 4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC shall not exceed \$750,000 per year plus the estimated tracker balance as of December 31, 2011. MERC shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.
- 4.2. MERC shall recover Program costs in the Delivery Charge applicable to all firm service customers receiving service under Rate Schedules GS-NNG General Service, GS-Albert Lea General Service, and GS-Consolidated General Service.
- 4.3. A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. MERC will track and defer Program costs with regulatory approval. The prudence of the Program costs are subject to regulatory review.

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**GAS AFFORDABILITY PROGRAM (GAP)**  
(Continued)

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4th Revised Sheet No. 7.11

4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service. Effective [with final rates in Docket No. G011/GR-17-563], the surcharge shall be \$0.00298 per therm. MERC may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case, in an annual GAP report filing, or in a future GAP evaluation filing. .

5. Evaluation:

5.1. The Program shall be evaluated before the end of the four year term and may be modified based on annual reports and on a financial evaluation.

5.2. The annual reports will include the effect of the Program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the Program.

5.3. The financial evaluation will include a discounted cash flow of the Program's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the Program.

6. Program Revocation:

The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.

7. Term:

The Program is approved through December 31, 2019, with annual reports to be filed by March 31 each year and a program evaluation to be filed by May 31, 2019.

8. Applicability:

Unless otherwise specified in this tariff, Qualified Customers in the Program shall receive service in accordance with all terms and conditions of the standard gas service tariffs applicable to residential customers.

**CANCELED**

**CANCELED**

**CANCELED**

**CANCELED**



**CANCELED**

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**REVENUE DECOUPLING MECHANISM (“RDM”)**

2nd Revised Sheet No. 7.17

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1. Purpose

The purpose of the Revenue Decoupling Mechanism (RDM) is to: (a) reduce the financial disincentive for the Minnesota Energy Resources Corporation (Company) to promote energy efficiency and conservation and (b) promote distribution revenue symmetry by breaking the link between sales volumes and distribution revenues.

2. Applicability

The RDM shall apply to all customers served under the Residential, Residential-Farm Tap, Commercial & Industrial Firm Class 1, and Commercial & Industrial Firm Farm Tap Class 1.

3. Definitions

As used in the RDM, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of distribution revenues, excluding revenues arising from the CCRC and adjustments under the RDM, which were billed for each applicable Rate Schedule Group in the Calendar Year.

Actual Customers (AC) shall mean the number of customers in each applicable Rate Schedule Group in the Calendar Year.

Billing Period shall mean the 12-month period beginning March 1 succeeding the Calendar Year for which the RDM is billed.

Conservation Cost Recovery Charge (CCRC) shall mean the Conservation Cost Recovery Charge imbedded in base volumetric distribution rates.

Factor V (V) shall mean the sales volumes, in therms, projected to be delivered by the Company to customers in each applicable Rate Schedule Group for the Billing Period.

Calendar Year shall mean the Calendar Year that ended as of the most recent December 31.

Rate Case Customers (RCC) shall mean the number of customers that underlie the distribution rates approved by the Commission in the Company’s most recent rate proceeding for each applicable Rate Schedule Group.

Rate Case Margin (RCM) shall mean the dollar amount of distribution revenues arising from the test year sales volumes and distribution charges approved by the Commission in the Company’s most recent rate proceeding for each applicable Rate Schedule Group, less any revenues arising from the CCRC.

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**REVENUE DECOUPLING MECHANISM (“RDM”)**  
(Continued)

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2nd Revised Sheet No. 7.18

Rate Schedule Group shall mean the rate schedule group approved by the Commission in Docket No. G011/GR-17-563 for the purposes of determining a RDM adjustment.

Reconciliation Adjustment (RA) shall mean dollar amounts due the Company (+RA) or the customers (-RA) arising from RDM adjustments that were under-billed or over-billed to each Rate Schedule Group in the Billing Period.

4. Determination of Adjustment

There shall be a separate per therm adjustment amount determined under the RDM for each applicable Rate Schedule Group and such amount shall be determined as follows:

$$\frac{[(RCM / RCC) - (AM / AC)] \times RCC + RA}{V}$$

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

A symmetrical cap of ten percent of non-gas margin rates, excluding CCRC rates, will be imposed on the calculation of the RDM. The cap limits the amount the Company can collect or credit via the RDM to ten percent of distribution revenues.

6. Minnesota Public Utilities Commission (Commission) Authority

If warranted by unforeseen circumstances, the Commission has the authority to modify or suspend the rates set via the RDM calculation during the pilot program.

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**REVENUE DECOUPLING MECHANISM (“RDM”)**  
(Continued)

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3rd Revised Sheet No. 7.19

7. Reports

No later than March 1 of each year until the RDM terminates, the Company shall file annually with the Commission a calculation of the RDM adjustments, as well as any applicable reconciliation adjustment calculations, to be effective for each Rate Schedule Group for the Billing Period. Adjustments shall be effective with bills rendered on or after March 1 of the Billing Period and shall continue for 12 months.

No later than May 1 each year, the Company shall file annually with the Commission a Decoupling Evaluation Report for the preceding Calendar Year, with information required by the Commission in Docket Nos. G011/GR-15-736 and G011/GR-17-563.

In the event any portions of the proposed RDM adjustments are modified by the Commission, the adjustments shall be adjusted in accordance with the Commission’s Order.

The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of the RDM in actual earnings. Such estimates shall be adjusted if necessary, upon filing RDM calculations with the Commission and again upon final Commission approval.

8. Pilot Period

Pursuant to the Commission’s Order in Docket No. G011/GR-15-736, the pilot revenue decoupling program is extended through 2019, with RDM adjustments effective through February 2021. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

3rd Revised Sheet No. 8.00

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1. DEFINITIONS:

A. Company:

The term “Company” is herein used to designate Minnesota Energy Resources Corporation, or MERC, which furnishes natural gas service under these general rules, regulations, terms and conditions.

B. Commission:

The term “Commission” is herein used to designate the Public Utilities Commission of the State of Minnesota.

C. Customer:

The term “customer” is herein used to designate a person, partnership, association, firm, public or private corporation or governmental agency using gas service supplied by Company subject to the jurisdiction of the Commission.

D. Town Border Station:

The terms “town border station” and/or “City Gate Station” refer to the site where the gas changes ownership and where Company’s supplier measures and makes delivery of gas to Company. Such site is usually shared by supplier and Company. It is frequently located at the edge of a town and may be the site of check meters, regulators, odorization equipment and other appropriate appurtenances.

E. Types of Customers:

1. Residential: Customers taking natural gas for residential use (space heating, cooling, water heating, clothes drying, etc.) through an individual meter in a single family dwelling or building, or for residential use in an individual flat or apartment, or in a mobile home, or for residential use in not over four households served by a single meter in a multiple family dwelling. Residential premises used regularly for professional or business purposes (doctor’s office, small store, etc.) are considered as residential where the residential natural gas usage is half or more of the total gas usage.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

2nd Revised Sheet 8.01

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1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

2. Commercial: Customers primarily engaged in wholesale or retail trade, agriculture, forestry, fisheries, transportation, communication, sanitary services, finance, insurance, real estate, personal services (clubs, hotels, rooming houses, five or more households served under a single meter, auto repair, etc.) government and customers whose usage does not directly qualify under one of the other classifications of service. The size of the customer or volume of natural gas used is not a criterion for determining commercial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.
3. Industrial: Customers engaged primarily in a process which creates or changes raw or unfinished materials to another form or product. The size of the customer or volume of use is not a criterion for determining industrial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.
4. Farm Tap: Customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided in consideration for an easement granted directly to Northern Natural Gas or its predecessors. Farm Tap Customers may be Residential, Commercial & Industrial Firm Class 2, Commercial & Industrial Firm Class 3, Commercial & Industrial Firm Class 4, or Commercial & Industrial Firm Class 5.
5. Firm/Interruptible Service: Customers taking natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.
5. Agricultural Grain Dryer: Customers using more than 50% of their annual volumes for grain dryer operations, with the exception of Farm Tap Customers.
6. Interruptible Service: Customers taking natural gas service which may be interrupted, curtailed or discontinued at any time at the option of the Company in accordance with the provisions herein.
7. Electric Generation Customer: A customer using more than 50% of annual volumes for electric generation.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

3rd Revised Sheet No. 8.02

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1. DEFINITIONS: (Continued)

F. Types of Customers (Continued)

6. Class 1

Customers, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap that have an annual usage less than or equal to 1,500 therms.

7. Class 2

Customers, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap that have an annual usage between 1,501 and 100,000 therms.

8. Class 3:

Customers, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap that have an annual usage between 100,001 and 1,000,000 therms.

9. Class 4:

Customers whose annual usage, both Firm and Interruptible, Commercial and Industrial, and Farm Tap are between 1,000,001 and 2,000,000 therms.

10. Class 5:

Customers whose annual usage, both Firm and Interruptible, Commercial and Industrial, and Farm Tap are 2,000,001 therms or greater.

11. General Service:

The term “general service” customer is herein used to designate a person, partnership, association, firm, public or private corporation who meets the requirements for gas service as specified in the Company’s general service rate schedules on file with the Minnesota Public Utilities Commission.

9. Transportation Service:

A commercial or industrial end user who has contracted for an alternate or supplemental source of gas supply and has requested Company to transport such alternate or supplemental gas for customer’s account. Firm/Interruptible Transportation Customers may take natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.

10. Human Needs Customer:

Any customer including, but not limited to, a school, church, hospital, day care facility, nursing home, or other facility which must maintain its energy service in order to protect the health and welfare of its inhabitants.

11. Marketer:

An entity which represents an end-use customer. A marketer will be considered the end-use customer for purpose of the Aggregation Service.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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2nd Revised Sheet No. 8.03

1. DEFINITIONS (Continued)

F. Types of Customers (Continued)

12. Firm Service:

Service supplied to customers under schedules or contracts which are not normally subject to curtailment or interruption except under occasional, extraordinary circumstances.

G. Distribution Mains:

That portion of the gas distribution system transporting natural gas from the city gate or town border station to the customer's service line.

H. Service Line:

The pipe that transports natural gas from the main to a customer's meter or the connection to a customer's fuel line, whichever is farther downstream.

I. Point of Delivery:

The point of delivery and the point where Company ownership and maintenance of service pipe ends, shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and customer. All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the customer and are subject to the inspection and approval of the Company and other authorities which have jurisdiction.

J. Fuel Line:

All piping, valves and fittings downstream from the point of delivery at the meter to the inlet of the customer's appliance.

K. Abbreviations:

Btu - British Thermal Unit  
psig - Pounds Per Square Inch Gauge  
psia - Pounds Per Square Inch Absolute  
W.C. - Water Column  
Cfh - Cubic Feet Per Hour  
°F - Degree Fahrenheit

L. Disconnection of Service:

"Disconnection of Service" means an involuntary cessation of utility service to a customer or disconnection at the request of the customer as provided at subsection 9 A 9 of these rules.



1. DEFINITIONS (Continued)

M. Temporary Disconnection:

“Temporary Disconnection” means a voluntary cessation of utility service and applied specifically to subsection 9. A. 9(b) of these rules. This is not a permanent termination of service.

N. Maximum Daily Quantity (MDQ):

The amount calculated by dividing the volumes consumed by a particular customer during the highest historical peak month of usage for that customer by twenty (20). Company will estimate a peak month for new customers. A Maximum Daily Quantity may also be established through direct measurement or other means (i.e. estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems) if approved by Company.

N. Daily Firm Nomination:

This is the amount of capacity the customer must purchase on a daily basis on both the interstate pipeline and the distribution system in order to receive volumes designated as Firm. All Daily Firm Nomination quantities will be considered first through the customer’s meter on each gas day, which begins at 9:00am (Central Clock time).

O. Critical Day:

A “critical day” when called by the pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as any day during which in the sole judgment of the Company service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to curtailment or interruption. A critical day may be declared with respect to any one or more delivery and/or receipt points.

P. Operational Flow Order:

An “operational flow order” when called by the interstate pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as a notice issued by the Company to customer(s) requiring the delivery of specified quantities of gas to Company for the account of customer at times deemed necessary by the Company to maintain system integrity and to assure continued service. An operational flow order may be issued to the smallest affected area for example, a single receipt point, receipt points on a pipeline, or the entire system.

2. MEASUREMENT AND QUALITY

A. Quality:

All Suppliers: Natural gas delivered shall be merchantable natural gas suitable for the purposes for which it is sold. There shall be a Btu adjustment when the Btu content of the natural gas delivered varies from 1,000 Btu/cu. ft. A customer's billed consumption (therm or dekatherm) per month will be adjusted according to Btu content of the natural gas delivered. When Company is required to supplement supply with propane-air mixture, liquefied natural gas and/or a synthetic gas mixture, the Btu content will vary. A change in Btu content range by supplier will result in subsequent and like change in gas delivered to customer.

B. Unit of Measurement: For all customers served by the distribution pipeline system the standard unit of measurement shall be a cubic foot at a temperature of 60 °F and at a pressure of 14.73 pounds per square inch absolute.

C. Delivery Pressure: Delivery pressure of natural gas by Company to customers for residential and general service will approximate four ounces. However, delivery pressure for such customer will normally not be less than two ounces or more than eight ounces as measured at the customer's meter outlet. Delivery of gas at a pressure of two psi will be provided to the customer upon request subject to Company approval and compliance with fuel line installation standards of Company and subject to distribution system design and capacity. Where the customer has entered into a standard gas sales contract with the Company, deliveries of gas will be made at the pressure specified in such contract. The customer shall install, operate and maintain at its own expense, such pressure regulating and relief devices as may be necessary to regulate the pressure of gas after delivery to the customer.

2. MEASUREMENT AND QUALITY: (Continued)

D. Computation of Volumes of Gas Sold:

1. General Service and Small Volume Interruptible Customers: The volume of gas delivered to customer shall be computed at the standard unit of measurement. Where delivery pressure exceeds the standard unit of measurement the volumes will be corrected to the standard unit of measurement in accordance with the A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4.
2. Contractual Customers:
  - (a) Measurement Factors: The volume of gas delivered as measured at delivery pressures shall be corrected to the unit of measurement specified in the contract. Measurement and determination of volumes delivered shall be made in accordance with the recommendations set forth in A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4, or AGA Report No. 7.
  - (b) Temperature: The temperature of gas delivered and measured shall be assumed to be sixty (60) degrees Fahrenheit. Where a recording thermometer has been installed to record the temperature of the gas flowing through the meters, the arithmetic average of the hourly temperature so recorded shall be used in measurement computation.
  - (c) Specific Gravity: The specific gravity of the gas used in the measurement shall be as determined by the Company's wholesale natural gas suppliers: Northern Natural Gas Company, Great Lakes Gas Transmission Company, Viking Transmission Company, and Centra.
  - (d) Heating Value: The heating value of the natural gas which Company receives from its suppliers may vary. Accordingly, from time to time, adjustments in the form of a gas measurement factor may be necessary as specified in the provisions of the various contracts.

The heating value of the gas delivered shall be determined by appropriate industry standard equipment. Such equipment shall be adjusted to record the gross heating value per cubic foot of the gas on a dry basis. Such equipment shall be owned, operated and maintained by Supplier at a point on its facilities to be determined by Supplier; Supplier reserves the right to change the location at any time to a point which is representative of the gas being delivered hereunder.

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards

1. Meter: The gas delivered by Company to the customer shall be measured by an adequate meter of standard type, installed, operated and maintained by Company.
2. Location: The customer will provide a place on the customer's premises at no cost to the Company for location of the meter. The location of a previously set meter may be changed by the Company at the request of the customer. The expense of the change shall be paid by the customer.
3. Access: The Company's authorized agents shall have access to the Company's meters and pipes at all reasonable times for the purpose of inspection, maintenance, connect, disconnect, leak detection, meter turn off and to ascertain the quantity of gas consumed or registered.
4. Testing: The Company's policies and procedures are consistent with Minnesota Rules 7820.3900, Adjustment of Gas Bills. Company reserves the right to remove and test all gas meters.
5. Customer Requested Meter Test: Upon request, the Company shall make a test of the meter serving a customer provided that such tests need not be made more frequently than once in 18 months. If the meter is found accurate under the provisions of 2. E. 6, the Company may charge the customer not to exceed thirty dollars (one hundred dollars for large volume equipment) or the actual cost of such test, whichever is less.

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

5. Customer Requested Meter Test: (Continued)

The Company shall notify the customer in advance of the date and time of the requested test so the customer or a representative may be present when the meter is tested.

A report of the results of the test shall be made to the customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test shall be kept on file at the office of the Company.

6. Adjustment of Measurement Errors:

- (a) Fast Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) fast, Company shall refund to the customer the overcharge. If the error is due to a cause the date of which can be determined with reasonable certainty, then the refund will be computed from that date, but in no event for a period longer than one (1) year. If the period of the inaccuracy cannot be determined, then it shall be assumed that the full amount of the inaccuracy existed during the last half of the period since the meter was last tested but not to exceed six months.

If the recalculated bills indicate that a refund more than one dollar (\$1.00) is due an existing customer, or Two Dollars (\$2.00) is due a person no longer a customer of the Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. The refund to an existing customer may be in cash or as a credit on a bill. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

- (b) Slow Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) slow, Company may charge for the gas consumed during the period of inaccuracy, but not included in bills previously rendered. If the error is due to a cause the date of which can be determined with reasonable certainty, then Company may bill the customer for the amount that the test indicates has been undercharged for the period of inaccuracy, but not for a period longer than one (1) year. If the period of inaccuracy cannot be

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

6. Adjustment of Measurement Errors: (Continued)

(b) Slow Meters (Continued)

determined, then the charge shall be based on a corrected meter reading for a period equal to one-half of the time elapsed since the previous test, but not exceed six months. For the purpose of this billing adjustment, the meter error shall be one-half of the algebraic sum of the error at full-rated flow plus the error at check flow. No back-billing from the time of notification by the customer will be sanctioned if the customer has called to the Company's attention his doubts as to the meter's accuracy and the Company has failed, within a reasonable time, to check it.

If the recalculated bills indicate that the amount due the utility exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The first billing rendered shall be separated from the regular bill and the charges explained in detail.

(c) Non-Registering Meters

When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, Company may charge for an estimated amount of gas used but in no event shall such charge be for a period longer than one (1) year.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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2. MEASUREMENT AND QUALITY: (Continued)

F. Meter Reading:

Meter readings of meters serving customers connected to Company distribution system shall normally be taken by the Company at intervals of approximately 30 days except where noted below. When access to a meter cannot be gained, the customer fails to supply a meter reading form in time for the billing operation or in case of emergency (storms, accidents, etc.), an estimated reading may be rendered. Estimated bills shall be based on the customer's historical actual consumption, if available, or rate schedule history where historical actual consumption is not available. In the case of a customer who has three consecutive estimated billings, the Company will use its best effort to obtain an actual reading. Each customer will receive at least one actual reading within a twelve month period. After a reading is obtained, if there is any material difference, an adjusted bill shall be rendered for the period since the last previous reading of the meter. The Company shall divide the municipality or territory into districts and will read meters in each district at a selected time.

With the exception of Farm Tap Customers and customers who request that no actual meter reads be taken and agree to provide monthly self-reads due to unique circumstances, no more than three estimated meter readings will occur for any customer within one year and no customer will receive estimated bills for two consecutive months more than one time per year.

Farm Tap Customers and customers who request that no actual reads be taken shall supply meter readings on a form supplied by the Company and return them promptly.

3. COMPANY OWNED ITEMS:

Unless otherwise defined in writing between the customer and the Company, the Company shall own, install and maintain where applicable the following items required to provide service to the point of delivery:

- A. Service pipes.
- B. Meters.
- C. Regulators.
- D. Pressure relief vents and valves.
- E. Shut-off valves.
- F. Connectors and miscellaneous fittings.

4. STANDARDS FOR CUSTOMER-OWNED FUEL LINES:

When fuel lines are customer owned, customers are responsible for installing and maintaining those fuel lines, including piping and where applicable, appurtenant pressure regulation, valves, jointing, pressure relief valves, fittings and equipment in compliance with applicable Company and local codes and regulations pertaining to natural gas piping.

- A. Emergency Leak Calls. In the event of an Emergency Leak Call, there will be no charge to the customer for such calls unless a leak or substandard pipes are found and the Company repairs such at the customer's request. In such cases, the provisions under "Emergency Service Disconnection" would apply.
- B. Inspections. Company will conduct inspections in response to either a non-emergency request from the customer for an inspection of the fuel lines or a request from the Minnesota Office of Pipeline Safety for a routine inspection. Non-emergency tests which are conducted at the request of the customer will be at the customer's expense. If an inspection results in the detection of a leak or pipe which is below the code specification, the provisions under "Emergency Service Disconnection" would apply.
- C. Emergency Service Disconnection. If an inspection or a response to an Emergency Leak Call detects a leaking fuel line or a line presenting a dangerous and/or hazardous condition, Company will take necessary steps to shut off the flow of gas to the dangerous and/or hazardous condition until customer has ensured that necessary repairs have been made to eliminate the dangerous and/or hazardous condition. Customers who choose MERC to provide repair service will pay separately for the service. If immediate replacement or repair is impossible the customer may elect, at the customer's expense, to convert to an alternative source of fuel.



5. WASTAGE OF GAS

No billing adjustments will be made for wastage of gas that occurs through the customer's fuel line and downstream of the Company's meter even though wastage may occur without the knowledge of the customer. Such wastage, if detected by Company, will be reported to the customer along with necessary recommendations for repair. Wastage of gas which occurs through the Company-owned mains and services will not normally be billed to the customer, provided, however, that any wastage which occurs as a direct result of damage by the customer or a third party to Company property will be billed to that customer or person(s) responsible for such damage.

6. TEMPORARY SERVICE

When the Company renders temporary service to a customer, the customer will bear the costs of installing and removing the service in excess of any salvage realized. The cost shall include the cost of labor, materials, permits, rights-of-way, pavement repairs, taxes imposed on the Company and all other costs incident to the furnishing and installation of the service. The Company may, at its sole discretion, waive all or a portion of such costs.

A customer taking temporary service shall pay the regular rates applicable to the class of service rendered. The rates charged reflect the Commission approved rate of return on that portion of the Company's business under this jurisdiction of this Commission.

The Company may require the customer to make an advance payment sufficient to cover the cost of service as described above.

7. GUARANTEE DEPOSIT

A. Assurance of Payment

The Company may require all customers to make a written application for gas service. If application is approved for service it will be evaluated by the Company and a determination will be made of the need for a cash deposit sufficient to guarantee payment of bills for service rendered. A customer, who within the last 12 months has not had service disconnected for nonpayment of a bill and has not been liable for disconnect for nonpayment of a bill which is not in dispute, shall be deemed to have established good credit.

The Company may in certain situations require a deposit from new customers at the time of application for service and from existing customers. "New Service" means service extended to or requested by any customer who has not received service as a customer for the preceding six months. A utility shall not require a cash deposit or other guarantee of payment as a condition of obtaining new service unless a customer has an unsatisfactory credit or service standing with the utility due to any of the following:

- The customer or applicant has outstanding a prior utility service account with the utility which at the time of request for service remains unpaid and not in dispute;
- The service of a customer or applicant has previously been disconnected for any permissible reason which is not in dispute; or
- The credit history as provided in Minn. Rules 7820.4600 and 7820.4700 demonstrates that payment cannot be assured. The determination of an adequate credit history must be determined by objective criteria, and such criteria must bear a reasonable relationship to the assurance of payment.

Deposits may be required if the existing customer has had service with the company disconnected for nonpayment of an undisputed bill or has been issued a notice of disconnection for an undisputed bill within the last 12 months. "Existing service" means service presently being extended to a customer or which has been extended to a customer within the past six months.

The Company shall not require a deposit of any customer without explaining in writing why that deposit or guarantee is being required and under what conditions, if any, the deposit will be diminished upon return. The Company shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is unavailable.

No deposit shall be required by Company because of customer's income, home ownerships, residential location, employment tenure, nature of occupation, race, color, creed, sex, marital status, age or national origin, or any other criterion which does not bear a reasonable relationship to the assurance of payment of which is not authorized by Minn. Rules 7820.

7. GUARANTEE DEPOSIT (Continued)

B. Guarantees In Lieu of Deposits

The Company may accept, in lieu of a deposit, a contract signed by a guarantor satisfactory to the Company, whereby payment of a specified sum not exceeding the deposit requirement is guaranteed. The term of such contract shall be for no longer than 12 months, but shall automatically terminate after the customer has closed and paid his or her account with the Company, or at the guarantor's request upon 60 days' written notice to the Company. Upon termination of a guarantee contract or whenever the Company deems same insufficient as to amount or surety, a cash deposit or a new or additional guarantee may be required for good cause upon reasonable written notice to the customer. The service of any customer who fails to comply with these requirements may be disconnected upon notice as prescribed in Section 11 of these rules. The Company shall mail the guarantor copies of all disconnect notices sent to the customer whose account he or she has guaranteed unless the guarantor waives such notice in writing.

7. GUARANTEE DEPOSIT (Continued)

C. Amount of Deposit to be Required and Interest Paid

The Company shall not require deposit or guarantee of any customer or applicant for service who has established good credit.

The amount of the cash deposit or surety bond required for Residential Customers shall not exceed the amount of the charge for one month's average usage based on annual normalized consumption.

The amount of the cash deposit or surety bond required for non-residential customers shall not exceed an estimated two months' gross bill or existing two months' bill.

The customer may pay deposits in installments.

Interest shall be paid on deposits in excess of \$20. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year. Interest shall be paid from date of deposit to the date of refund or disconnection. Payment of the interest to the customer will be made at least annually or at the time the deposit is refunded. Interest payments may, at the option of the Company, be made in cash or be a credit to the customer's bill.

7. GUARANTEE DEPOSIT (Continued)

D. Deposit Records and Receipts

Company shall maintain a record of all deposits received from customers showing the name of each customer, the address of the premises for which the deposit is maintained, the date and amount of deposit, and the date and amount of interest paid.

Whenever a deposit is accepted, Company will issue to the customer a nonassignable receipt containing the following minimum information:

- (1) Name of customer.
- (2) Place of deposit.
- (3) Date of deposit.
- (4) Amount of deposit.
- (5) Company name and address, signature and title of Company employee receiving deposit.
- (6) Current annual interest rate earned on deposit.
- (7) Statement of the terms and conditions governing the use, retention and return of deposits.

7. GUARANTEE DEPOSIT (Continued)

E. Deposit Transfers

Service deposits shall be non-transferable from one customer to another customer, however, upon termination of the customer's service at the service address, Company may transfer the deposit to the customer's new active account.

F. Refund of Deposit

Upon termination of service, if the deposit is not to be transferred, the customer's deposit including interest shall be credited on the final bill less any unpaid service due the Company and provided the customer has allowed the Company to remove its meter(s) and equipment in an undamaged condition. Any credit balance will be returned to the customer within 45 days.

Deposits taken from customers who make prompt payments of undisputed bills for natural gas service for a period of twelve (12) consecutive months will be refunded or credited to the customer's bill and will include interest. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year.

G. Credit Reports

Company may not use any credit reports other than those reflecting the purchase of utility services to determine the adequacy of a customer's credit history without the permission in writing of a customer. Any credit history so used shall be mailed to the customer in order to provide the customer an opportunity to review the data.

Refusal of a customer to permit use of a credit rating or credit service other than that of the Company shall not affect the determination of the Company as to that customer's credit history.

8. BILLING AND PAYMENT

A. Information on Billing Statements

The Company shall bill each customer as promptly as possible following the reading of his or her meter. The customer's portion of the bill shall show the present and last preceding meter readings, the date of the present reading, and number and kinds of units metered, the class of service, the amount due, the date when the bill is due, any late fees, fuel adjustment clause, and the amount of state and local taxes; all separately itemized. Where applicable, bills shall show the net and gross amount of the bill and the date after which the gross amount must be paid. Bills rendered at rates requiring the measurement of a number of different factors, shall show all data necessary for the customer to check the computation of the bill. Estimated bills shall be distinctly marked as such.

In addition to the display of the appropriate billing determinants as described above, the Company's billing statements to its customers will contain the following information:

1. The statement i.e.: "Register any inquiry or complaint at Minnesota Energy Resources, PO Box 2176, Scottsbluff, NE 69363 or 800-889-9508."
2. A notice to customers of the availability upon request of the Customer Information Booklet described in Subsection 14.B. of these General Rules.

B. Billing Periods

Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly.

If the billing period is longer or shorter than the normal billing period by more than five days, the bill shall be prorated on a daily basis.

Regardless of whether a bill is based on customer reading, Company's reading or Company's estimate of consumption, Company shall have the right to discontinue service for non-payment thereof as provided elsewhere in these Rules, Regulations, Terms and Conditions with respect to delinquent bills.

8. BILLING AND PAYMENT (Continued)

B. Billing Periods (Continued)

Upon request, the Company shall give the customer the approximate date on which he should receive his bill each month, and if a bill is not received or is lost, the Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve a customer from payment as provided for in the applicable tariff and these Rules and Regulations.

C. Billing Errors

1. Overcharges: When a customer has been overcharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be adjusted, refunded or credited to the customer. Credits shall be shown separately and identified.

When the Company has overcharged a customer, it shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, plus interest, for the period beginning three (3) years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes § 325E.02(b). If the recalculated bills indicate that more than one dollar (\$1.00) is due an existing customer or two dollars (\$2.00) is due a person no longer a customer of Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than three (3) years before the discovery of an overcharge.

2. Undercharges: When a customer has been undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the undercharge may be billed to the customer.



8. BILLING AND PAYMENT (Continued)

C. Billing Errors (Continued)

2. Undercharges (Continued)

When the Company has undercharged a customer, the Company shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, for the period beginning one (1) year before the date of discovery. If the recalculated bills indicate that the amount due Company exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The Company shall not bill for any undercharge incurred after the date of a customer inquiry or complaint if the Company failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge. The original billing rendered because of a billing error shall be separated on the regular bill and the charges explained in detail.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than one (1) year before the discovery of an undercharge.

The Company will offer a payment agreement to residential customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must 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 the Company, except that the duration of a payment agreement offered by the Company to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household. No interest or delinquency fee may be charged as part of an undercharge agreement under this paragraph.

D. Even Payment Plan

The Company shall offer an Even Payment Plan to all General Service Customers whose accounts are paid in full and who agree to the conditions of the plan. Normally, monthly variations may result from rate increases, fluctuations in Purchased Gas Cost Adjustments, variations in usage, and weather conditions. However, the Even Payment plan is designed to minimize large changes.

Customers may enroll in the program during any month of the year.

The Even Payment Plan may be periodically reviewed by the Company and the monthly installment shall be revised if it appears that the debit or credit balance at the end of the Even Payment period will substantially exceed the estimate.

The annual recalculation month is the same month as the initial anniversary date of enrollment. If a customer's budget changes anytime, the annual recalculation month reflects one year from the change or review. The difference between the accumulated total amount of the customer's billings determined by metered usage, and the accumulated total of the amount paid shall be rolled over into the estimated billing for the upcoming year, and the new Even Pay amount will be calculated using that total.

8. BILLING AND PAYMENT (Continued)

E. Late Payment Charge

If the payment is not received on or before the assessed date indicated on the bill, the bill shall be deemed delinquent and a Late Payment Charge will be assessed. Late Payment Charges are assessed on the delinquent amount only, in the percentage and timing indicated on each rate schedule or contract. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended through the next normal working day before the Late Payment Charge is assessed. In the case of a residential customer on either a budget billing plan or a payment schedule “delinquent amounts” means the lesser of the outstanding account balance or the outstanding scheduled payments. The utility shall credit all payments received against the oldest outstanding account balance before the application of any Late Payment Charge. Any balance in excess of \$10 will be assessed a charge.

Residential customers receiving energy assistance may request and receive a one-time waiver, within a 12-month period, of a monthly Late Payment Charge.

The Late Payment Charge will be waived in instances where a Company error is involved, where complications arise with financial institutions in processing automatic electronic payments, or where the bill is disputed.

F. Excise Taxes

When any governmental entity imposes a franchise, occupation, business, sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be surcharged on a proportionate basis to all customers receiving gas service within such governmental entity. This tax charge, in all cases, will be in addition to the regular charges for gas service.

The following franchise fees shall be applicable to bills for natural gas sales within the corporate limits of the listed cities. The Company remits 100% of the franchise fees collected to the local governmental unit.

The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days’ notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of, or change in, the fee.

The Company will include the following language on the first bill to a customer on which a new or modified fee is listed:

The MUNICIPALITY imposes a X% OF GROSS REVENUES/X% PER METER/\$ PER THERM fee on Minnesota Energy Resources Corporation collectible through a fee on Minnesota Energy Resources Corporation accounts effective MM/DD/YYYY. The line item appears on your bill as “Franchise fee-MUNICIPALITY.” Minnesota Energy Resources Corporation remits 100% of this fee to the MUNICIPALITY.

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8. **BILLING AND PAYMENT** (Continued)

F. **Excise Taxes** (Continued)

**Albert Lea**

There shall be added to each customer's monthly natural gas bill a City of Albert Lea Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Albert Lea, which is currently 4.5% of gross revenues for natural gas service furnished within the city of Albert Lea. The fee is listed on the bill as "Franchise fee-Albert Lea."

**Baudette**

There shall be added to each customer's monthly natural gas bill a City of Baudette Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Baudette, which is currently a flat fee of \$2.50. The fee is listed on the bill as "Franchise fee-Baudette."

**Bemidji**

There shall be added to each customer's monthly natural gas bill a City of Bemidji Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Bemidji, which is currently 5.0% of the gross revenues received from each customer. The fee is listed on the bill as "Franchise fee-Bemidji."

**Detroit Lakes**

There shall be added to each customer's monthly natural gas bill a City of Detroit Lakes Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Detroit Lakes, which is currently a flat fee of \$1.00 plus a volumetric fee of \$0.003 per therm. The fee is listed on the bill as "Franchise fee-Detroit Lakes."

**Duluth Bayview Heights**

There shall be added to each customer's monthly natural gas bill a City of Duluth Bayview Heights Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Duluth, which is currently a flat fee of one and one-half (1 ½) percent of gross revenue. The fee is listed on the bill as "Franchise fee-Duluth."

**Elgin**

There shall be added to each customer's monthly natural gas bill a City of Elgin Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Elgin, which is currently a volumetric fee of five (5) percent of gross revenue. The fee is listed on the bill as "Franchise fee-Elgin."

**Hayfield**

There shall be added to each customer's monthly natural gas bill a City of Hayfield Franchise Fee assessment. The amount of the fee to be assessed shall be equal to that imposed on the Company by the City of Hayfield, which is currently a flat fee of \$2.00 per month per customer. The fee is listed on the bill as "Franchise Fee—Hayfield."

**Hermantown**

There shall be added to each customer's monthly natural gas bill a City of Hermantown Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Hermantown, which is currently a flat fee of \$2.00 per month for each residential meter and \$2.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Hermantown."

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS** 6th Revised Sheet No. 8.21b

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8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

**Jackson**

There shall be added to each customer's monthly natural gas bill a City of Jackson Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Jackson, which is currently a flat fee of \$2.00 per meter for residential customers, \$5.00 per meter for small commercial customers, \$10.00 per meter for large commercial customers, and \$15.00 per meter for industrial and transportation customers per month. The fee is listed on the bill as "Franchise fee-Jackson."

**Lakefield**

There shall be added to each customer's monthly natural gas bill a City of Lakefield Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Lakefield, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchise fee –Lakefield."

**Madison**

There shall be added to each customer's monthly natural gas bill a City of Madison Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Madison, which is currently a flat fee of \$2.00 per month for residential customers, \$5.00 per month for firm commercial customers, \$25.00 per month for interruptible commercial customers, and \$50.00 per month for firm and interruptible industrial customers. The fee is listed on the bill as "Franchise fee-Madison."

**Mantorville**

There shall be added to each customer's monthly natural gas bill a City of Mantorville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mantorville, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchise fee – Mantorville."

**Mora**

There shall be added to each customer's monthly natural gas bill a City of Mora Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mora, which is currently a flat fee of \$2.87. The fee is listed on the bill as "Franchise fee-Mora."

**Nashwauk**

There shall be added to each customer's monthly natural gas bill a City of Nashwauk Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Nashwauk, which is currently a volumetric fee of \$0.013 per therm, which shall be adjusted annually according to the change in the Henry Hub wellhead natural gas price. The fee is listed on the bill as "Franchise fee-Nashwauk."

**New Richland**

There shall be added to each customer's monthly natural gas bill a City of New Richland Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of New Richland, which is currently a flat fee of \$1.00. The fee is listed on the bill as "Franchise fee-New Richland."

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

**Ortonville**

There shall be added to each customer's monthly natural gas bill a City of Ortonville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Ortonville, which is currently a flat fee of \$1.50 per meter plus a volumetric fee of \$0.013 per 100 cubic feet of gas, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates. The fee is listed on the bill as "Franchise fee-Ortonville."

**Park Rapids**

There shall be added to each customer's monthly natural gas bill a City of Park Rapids Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Park Rapids, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchise fee-Park Rapids."

**Plainview**

There shall be added to each customer's monthly natural gas bill a City of Plainview Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Plainview, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.01 per therm for residential, firm commercial, and industrial customers and \$0.005 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Plainview."

**Roseau**

There shall be added to each customer's monthly natural gas bill a City of Roseau Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Roseau, which is currently a volumetric fee of \$0.01122 per therm. The fee is listed on the bill as "Franchise fee-Roseau."

**St. Charles**

There shall be added to each customer's monthly natural gas bill a City of St. Charles Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of St. Charles, which is currently a flat fee of \$1.00. The fee is listed on the bill as "Franchise fee-St. Charles."

**Silver Bay**

There shall be added to each customer's monthly natural gas bill a City of Silver Bay Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Silver Bay, which is currently a flat fee of \$3.00 per month for each residential meter and \$3.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Silver Bay."

**Staples**

There shall be added to each customer's monthly natural gas bill a City of Staples Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Staples, which is currently a flat fee of \$1.50 plus a volumetric fee of \$0.013 per therm, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates. The fee is listed on the bill as "Franchise fee-Staples."

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8.      BILLING AND PAYMENT (Continued)

F.      Excise Taxes (Continued)

**Stewartville**

There shall be added to each customer's monthly natural gas bill a City of Stewartville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Stewartville, which is currently a flat fee of \$0.50 for all customer classes plus a volumetric fee of \$0.005 per therm for residential customers, \$0.0015 per therm for firm commercial and industrial customers, and \$0.0008 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Stewartville."

**Thief River Falls**

There shall be added to each customer's monthly natural gas bill a City of Thief River Falls Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Thief River Falls, which is currently a flat fee of \$2.00 per meter per month for all customer classes plus a volumetric fee of \$0.012 per therm for all customer classes except for interruptible customers, who shall pay a volumetric fee of \$0.006 per therm. The fee is listed on the bill as "Franchise fee-Thief River Falls."

**Wadena**

There shall be added to each customer's monthly natural gas bill a City of Wadena Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wadena, which is currently a flat fee of \$2.00 for residential customers, \$5.00 for firm commercial customers, and \$20.00 for commercial and industrial interruptible customers and \$20.00 for firm industrial customers. The fee is listed on the bill as "Franchise fee-Wadena."

**Wells**

There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of \$2.00 for residential customers, \$2.00 for commercial firm customers, \$30.00 for commercial interruptible customers, \$2.00 for industrial firm customers, \$30.00 for industrial interruptible customers, and \$2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells."

**Worthington**

There shall be added to each customer's monthly natural gas bill a City of Worthington Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Worthington, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.006 per therm for residential customers, \$0.003 per therm for non-residential customers. The fee is listed on the bill as "Franchise fee-Worthington."

G.      Returned Check Fee

In the event any check, draft, or negotiable instrument submitted to the Company for payment is dishonored or returned by the financial institution on which it is drawn, the Company will assess a returned check charge of \$15.00.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**      2nd Revised Sheet No. 8.22

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8. BILLING AND PAYMENT (Continued)

H. Payment Agreement

The Company will offer a payment agreement to residential customers for the payment of arrears. Payment agreements must consider a customer's financial circumstances and any extenuating circumstances of the household. No additional service deposit may be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement.

9. DISCONNECTION OR SUSPENSION OF SERVICE

A. Disconnection of Service - Permissible Reasons

The Company may disconnect service to any customer for any reason stated below in paragraphs 1 through 14. The Company shall apply the customer's deposit plus accrued interest to any liability of the customer. Any remaining balance of the deposit plus interest which is not in liability to the Company shall be returned to the customer within forty-five (45) days of disconnection. Wherever required, notice must comply with the requirements of Section 10. Any customer whose service has been disconnected pursuant to a reason enumerated in subsection 9.A. of these rules shall be subject to a reconnection charge as set forth in Section 12.

1. Nonpayment of Bill:

With notice, Company may disconnect service for nonpayment of bill only when the amount of the deposit plus accrued interest is inadequate to satisfy the incurred obligations. All disconnections are subject to the "Cold Weather Rule" at Designation 9.D. below.

Bills for service become delinquent if not paid within twenty-five (25) days for residential customers or within seventeen (17) days of the current billing date for non-residential customers. The next billing date for residential customers may not be less than twenty-five (25) days from the current billing date. The current billing date may be no more than three working days before the date of mailing of the bill by the utility for residential and non-residential customers. The due date may be printed on the bill, which is not more than five days before the next scheduled billing date for residential customers. If bills for service become delinquent, the customer will be given sufficient written notice that his service will be discontinued and/or disconnected unless the bill is paid or other appropriate arrangements are made for payment. Service will not be discontinued and/or disconnected until at least five (5) work days have passed after the date of such notice. In the event service is discontinued because of nonpayment of bills, Company will require the payment of a reconnection charge as listed in Section 12.

Bills for service become delinquent as provided above. However, temporary extension of credit may be granted by the Company where a customer has encountered a temporary unforeseen emergency but possesses a definite financial ability to secure funds by a specific date in the near future. Such extension of credit shall be at the sole determination of the Company and subject to approval at the local manager level.



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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service – Permissible Reasons (Continued)

2. Failure to Meet Deposit and Credit Requirements:

With notice, Company may disconnect or refuse service for failure of the customer to meet the deposit and credit requirements contained herein at Section 7.

3. Non-Compliance with Rules and Regulations:

All service furnished to customer shall be in accordance with these General Rules, Regulations, Terms and Conditions, and in case a customer fails to conform to such Rules, the Company will, after five (5) days' sufficient notice in writing, (unless otherwise provided for herein), discontinue and/or disconnect service unless within such time conditions complained of are remedied. Such notice shall specify the cause of the default and the Company shall cooperate with the customer in suggesting the proper remedy.

4. Breach of the Contract:

With notice Company may disconnect service to a customer who is in breach of the contract for service between the Company and the customer.

5. Tampering With and Care of Company's Property:

No one except an agent of Company or one otherwise lawfully entitled to do so shall be permitted to remove or tamper with Company's meter or connections, or with any of the property of the Company on or about the customer's premises. If at any time the Company shall find that a meter, piping, or equipment, or parts thereof, or other instruments used in furnishing service to the customer have been tampered with by anyone except an agent of Company or one otherwise lawfully entitled to do so, it shall be considered sufficient cause for immediate discontinuance of service by Company.

6. Dangerous Conditions Found on Customer's Premises:

In any case where Company has received notice or knows that a dangerous condition exists with respect to the presence or delivery of natural gas on customer's premises, Company will, without advance notice, refuse to connect if service

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

6. Dangerous Conditions Found on Customer's Premises (Continued)

has not already been connected or shut off the service, and service shall not be resumed until such dangerous condition shall have been eliminated.

7. Failure to Provide Access:

With notice for failure of the customer to provide the Company reasonable access to its equipment as provided in Subsection 2.E.3.

8. Failure to Furnish Service, Equipment and/or Right-of-Way:

With notice for failure of a customer to furnish such service, equipment and/or rights-of-way necessary to serve said customer as shall have been specified by the Company as a condition of obtaining service. Such disconnection shall remain until the defective condition is cured or within a reasonable time for compliance.

9. Customer Request for Discontinuance of Service:

(a) Permanent Disconnection:

Except where otherwise specified in the contract, customer may discontinue his service upon giving two (2) days written notice to the Company of customer's intention to do so. Customer shall be liable for all service supplied to the premises for which customer has made application for service until the date specified in customer's notice of intention of discontinuing service, provided such date does not give Company less notice than specified above. Where two (2) day notice is required, Sundays and legal holidays shall not be included in such period. When a change in occupancy takes place on any premises, which is served by the Company, notice shall be given at the office of the Company two (2) days prior to the date of such change. In case no such notice is given to the Company, the outgoing occupant shall be responsible for all service supplied until such notice is given to the Company.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

9. Customer Request for Discontinuance of Service (Continued)

(b) Temporary Disconnection:

Company may temporarily disconnect service upon written request by the customer, providing the Company is not entitled to otherwise disconnect service. Temporary disconnection of service for this reason does not require a refund or forfeiture of deposit nor an interruption of interest. A reconnect fee of \$30 during normal business hours or a premium charge outside normal business hours consistent with current overtime rates, with a maximum reconnect fee of \$45, to re-initiate service shall be charged in addition to the monthly service charge for the period of disconnection.

10. Disconnection Without Notice:

Without notice a utility may disconnect service to any customer for any reason stated below:

- A. in the event of an unauthorized use of or tampering with the utility's equipment; or
- B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, or to the public.

11. Reselling or Redistribution of Service:

The service furnished is for the sole use of the customer who shall not sell any of such service to any other person or permit any other person to use the same without written consent of the Company. For the violation of this condition, the Company may, after forty-eight hours written notice, remove its meters and discontinue its service.

12. Fraudulent Use of Service:

In case gas is used fraudulently in any manner on the premises occupied by customer with or without customer's knowledge, the service will be shut off without any advance notice and service shall then not be resumed until customer shall have given satisfactory assurance that such

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

12. Fraudulent Use of Service (Continued)

fraudulent use of gas will be discontinued and shall have paid to Company such an amount estimated by Company to be a reasonable payment for gas fraudulently used and not paid for.

13. Disregard of Curtailment Orders:

Willful or continued failure of an interruptible customer to comply with curtailment orders issued by Company shall be sufficient cause for discontinuance of such service by Company even though customer pays the penalty specified in the rate schedule. If service is discontinued, a reconnection charge, in addition to the overrun deterrent and liquidating damages charge set out herein and normal rate for gas consumed, will be required to be paid before service is restored.

14. Compliance with Request from Governmental Authority Having Jurisdiction:

With notice, when necessary for Company to comply with any Order or request of any governmental authority having jurisdiction.

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

B. Non-Permissible Reasons to Disconnect Service:

1. Delinquency by Previous Occupant:

Delinquency in payment for services rendered to previous customer who occupied the premises unless said customer continues to occupy the premises.

2. Failure to Pay for Merchandise, etc:

Failure to pay for merchandise, appliances or services not approved by the Commission as an integral part of the Company services.

3. Failure to Pay - Different Class of Service:

Failure to pay for a different class of service.

4. Failure to Pay - Another Meter:

Failure to pay for a bill based on concurrent charges from another meter.

5. Failure to Pay - Previous Underbilling Due to Inaccurate Meter or Billing Error:

Failure to pay for a bill to correct previous underbilling due to an inaccurate meter or billing error, if the customer agrees to payment over a reasonable period of time.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

C. Landlord - Tenant Rule:

In situations where the service is rendered at an address different from the mailing address of the bill, or where the Company has reason to know that a landlord-tenant relationship exists and that the landlord is the customer of the Company; and where the landlord as customer would otherwise be subject to disconnection of service; the Company may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the Company, after providing notice as required in these Rules, shall offer the occupant the opportunity to subscribe for service in her or his own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the Rules.
2. Company shall not attempt to recover from a tenant, or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

D. Disconnection During Cold Weather:

1. Scope: This section applies only to the Company's residential customers.
2. Definitions: The following definitions apply in this section.

"Cold weather period" means the period from October 15 through April 15 of the following year.

"Customer" means a residential customer of the Company.

"Disconnection" means the involuntary loss of utility heating service as a result of a physical act by the Company to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

"Household income" means the combined income, as defined in Minn. Stat. § 290A.03, subd. 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

"Reasonably timely payment" means payment within five working days of agreed-upon due dates.

"Reconnection" means the restoration of utility heating service after it has been disconnected.

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

2. Definitions (Continued)

“Summary of rights and responsibilities” means a notice approved by the Minnesota Public Utilities Commission that contains, at a minimum, the following:

- (a) an explanation of the provisions of Section VIII.9.D.5 and Minn. Stat. § 216B.096, subd. 5;
- (b) an explanation of no-cost and low-cost methods to reduce the consumption of energy;
- (c) a third-party notice;
- (d) ways to avoid disconnection;
- (e) information regarding payment agreements;
- (f) an explanation of the customer’s right to appeal a determination of income by the Company and the right to appeal if the Company and the customer cannot arrive at a mutually acceptable payment agreement; and
- (g) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the Company.

“Third-party notice” means a notice approved by the Minnesota Public Utilities Commission containing, at a minimum, the following information:

- (a) a statement that the Company will send a copy of any future notice of proposed disconnection of Company service to a third party designated by the residential customer;
- (b) instructions on how to request this service; and
- (c) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the Company with the party’s name.

“Company” means MERC.

“Utility heating service” means natural gas used as a primary heating source for the customer’s primary residence.

“Working days” means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

9.     DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D.    Disconnection During Cold Weather (Continued)

3.    Company Obligations Before Cold Weather Period

Each year, between September 1 and October 15, the Company must provide all customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

4.    Notice Before Disconnection During Cold Weather Period

Before disconnecting utility heating service during the cold weather period, the Company must provide, personally or by first class mail, a Minnesota Public Utilities Commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

5.    Cold Weather Rule

During the cold weather period, the Company may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer. The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the Company.

The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

6.    Verification of Income

In verifying a customer's household income, the Company may:

- (a) accept the signed statement of a customer that the customer is income eligible;
- (b) obtain income verification from a local energy assistance provider or a government agency;



9.      DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D.      Disconnection During Cold Weather (Continued)

6.      Verification of Income (Continued)

(c) consider one or more of the following:

- (i) the most recent income tax return filed by members of the customer's household;
- (ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;
- (iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;
- (iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or
- (v) other documentation that supports the customer's declaration of income eligibility.

A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

7.      Prohibitions and requirements

This section applies during the cold weather period.

The Company may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the Minnesota Public Utilities Commission under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8.

A utility may not disconnect service during the following periods:

(a) during the pendency of any appeal under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8;

(b) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to a customer in an occupied dwelling;

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

7. Prohibitions and Requirements (Continued)

(c) earlier than ten working days after the Company has deposited in first class mail the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to the recorded billing address of the customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(d) on a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(e) on a Saturday, Sunday, holiday, or the day before a holiday;

(f) when the Company offices are closed;

(g) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(h) when the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during nonbusiness hours. If personal contact is made, the Company representative must provide notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

The Company must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the Minnesota Public Utilities Commission because the customer and the utility are unable to agree on a payment agreement.

8. Disputes; Customer Appeals

The Company must provide the customer and any designated third party with a Minnesota Public Utilities Commission-approved written notice of the right to appeal:

(a) a Company determination that the customer's household income is more than 50 percent of state median household income; or

(b) when the Company and customer are unable to agree on the establishment or modification of a payment agreement.

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

8. Disputes; Customer Appeals (Continued)

A customer's appeal must be filed with the Minnesota Public Utilities Commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.

Notwithstanding any other law, following an appeals decision adverse to the customer, the Company may not disconnect utility heating service for seven working days after the Company has personally served a disconnection notice, or for ten working days after the Company has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

9. Customers Above 50 Percent of State Median Income

During the cold weather period, a customer whose household income is above 50 percent of state median income:

(a) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(b) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by the Company.

The second sentence in Section VIII.9.D.7 does not apply to customers whose household income is above 50 percent of state median income.

10. Reporting

Annually on November 1, the Company must electronically file with the Minnesota Public Utilities Commission a report, in a format specified by the Minnesota Public Utilities Commission, specifying the number of the Company's heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, the Company must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of the Company's heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of the Company's heating service customers that are reconnected to service each week. The Company may discontinue weekly reporting if the number of the Company's heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

10. Reporting (Continued)

The data reported under this section and Minn. Stat. § 216B.096, subd. 10 are presumed to be accurate upon submission and must be made available through the Minnesota Public Utilities Commission's electronic filing system.

E. Notice to Cities of Utility Disconnection

Notwithstanding Minn. Stat. § 13.685 or any other law or administrative rule to the contrary, upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, the Company will make a report available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, the Company will make daily reports available of the address and date of any newly disconnected properties.

For the purpose of this section, "disconnection" means a cessation of services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.

F. Medical Emergencies

The Company shall reconnect or continue service to a customer's residence where a medical emergency exists, provided that the 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 arrangement for the amount in arrears.

10. NOTICES: OTHER TIME REQUIREMENTS

- A. Where required, all notices required by these Rules of impending action by the Company shall be by First Class Mail. Notice shall be sent to the address where service is rendered and to the address where the bill is sent if different from the address where service is rendered. A Company representative will make an affidavit under oath that he deposited in the mail the notice properly addressed to the customer.
- B. All notices required by these Rules must precede the action to be taken by at least five (5) days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs, presently exists.
- C. In lieu of mailing, notices may be delivered by a representative of the Company. They must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer's family of a responsible age or affirmed in writing by the representative of the Company that delivery was attempted in good faith.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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10. NOTICES: OTHER TIME REQUIREMENTS (Continued)

- D. A record of all notices required by these Rules must be kept on file by the Company and must be available to the Commission.
- E. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal easy-to-understand language.

11. MANNER OF DISCONNECTION WHERE NOTICE IS REQUIRED

- A. Service may be disconnected only in conjunction with a personal visit by a Company representative to the address where the service is rendered and an attempt to make personal contact with the customer at the address. If the address is a building containing two or more dwelling units, the representative shall make a personal visit to the door of the customer's dwelling unit within the building. If security provisions in the building preclude free access on the part of the representative, the representative shall attempt to gain access to the building from the caretaker, for the purpose of attempting to make personal contact with the customer.
- B. The representative of the Company shall, at all times, be capable of receiving payment other than cash, if nonpayment is the cause of the disconnection of service. If the disconnection or suspension be for cause other than nonpayment, the representative shall be able to certify that the cause has been remedied by the customer.

12. RECONNECTION FEE

In the event service has been disconnected because customer could not pay the bill or meet deposit or credit requirements, the customer shall pay a reconnect fee of thirty (\$30.00) dollars in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. Reconnection outside of normal business hours shall be calculated at a premium charge, consistent with current overtime rates, with a maximum reconnect fee of \$45.

In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.3, 7, 8, 9, or 14, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$30.00 in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.4, 5, 10, 11, 12, or 13, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$100.00, plus the costs of disconnection and reconnection incurred by the Company, in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored.

The customer will not be required to pay a reconnection fee when the disconnection was because of a condition determined to be hazardous to the customer, other customers of the Company, to the Company's equipment, or to the public.

13. DISPUTES

Whenever the customer advises the Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the services is in dispute, the Company shall:

- A. Investigate the dispute promptly.
- B. Advise customer of investigation and its result.
- C. Attempt to resolve dispute.
- D. Withhold discontinuation of service until the investigation is completed and the customer is informed of the findings in writing.
- E. Upon the findings of the Company, the customer must submit payment in full of any bill which is due.
- F. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to the Company. Such payment shall be called an "escrow payment".
- G. Escrow Payments:
  - 1. To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an "escrow payment form", clearly marked and provided by the Company.
  - 2. The "escrow payment form" must provide space for the customer to explain why the Company's resolution of the dispute is unsatisfactory to the customer. The form must be in three (3) copies, one of which will be retained by the customer.
  - 3. A copy of the "escrow payment form" must be forwarded by the customer to the Public Utilities Commission.
  - 4. Any escrow payment to the Company may be applied by the Company as any normal payment received by the Company.
  - 5. After escrow payment has been made, the customer and the Company may still resolve the dispute to their mutual satisfaction.
  - 6. By submitting the "escrow payment form" to the Commission, a customer is deemed to have filed an informal complaint against Company pursuant to the Commission's Rules.
  - 7. Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by an 8 percent per annum interest charge from the date of payment to the date returned by the Company.

13. DISPUTES (Continued)

- H. The customer may apply to the Company to waive its right to disconnect. If the Company refuses to waive its right to disconnect, the customer may apply to the Commission for emergency status. If the Commission determines the customer has a probable claim in the dispute and that hardship may result in the event of discontinuation of service, it may declare an emergency status to exist and order the Company to continue service for a period not to exceed thirty (30) days.
- I. Notwithstanding any other Rule herein to the contrary, Company shall not be obligated to suspend discontinuance of service upon the filing for review with the Commission, unless the customer shall pay, when due, all current bills due while the review is pending. If, following the first filing for review, the Commission, the same customer or any other person, files for any subsequent review by the Commission pertaining to the same account, such subsequent filings shall not relieve customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing, shall be considered to be made into escrow.

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC

A. Customer Complaint Procedure:

Company shall attempt to resolve all customer inquiries, requests and complaints during regular business hours.

If any complaint cannot be promptly resolved, the Company shall contact the customer within five (5) business days and at least once every fourteen (14) calendar days thereafter, and advise the customer regarding the status of the investigation until:

1. The complaint is mutually resolved; or
2. Company advises customer of the results of its investigation and final disposition of the matter; or
3. Customer files a written complaint with the Public Utilities Commission or the courts.

When the Minnesota Public Utilities Commission forwards a customer complaint to the Company, the Company shall notify the Commission within ten (10) business days regarding the status or disposition of the complaint.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**      2nd Revised Sheet. No. 8.38

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14.    INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC  
(Continued)

B.    Customer Information - Assistance of Company Agent:

The Company will offer to each new customer and make available to existing customers a Consumer Information Booklet which will provide a summary of the rules and regulations under which Company provides service and which will comply with the requirements of Minn. R. 7820.0200.

A complete set of these Rules and Regulations, as well as the Rate Schedules relating to the town border service of the Company are set forth in Company's Tariff. A copy of Company's Tariff as filed with and approved by the Minnesota Public Utilities Commission is available for inspection at the various offices of the Company where applications for service are received.

A customer will have access to its own billing, complaint, payment and deposit records and the Company will furnish additional information as the customer or applicant may reasonably request.

Upon request, the Company's agent in charge will assist any interested party in procuring information with reference thereto as may be desired. Where the Company's rate schedules provide optional rates for the same character of service, the customer shall select the rate schedule under which he elects to be billed and agrees to take service there under for a period of not less than one year. The Company will assist any customer or prospective customer to apply the Company's rate schedule, General Rules, Regulations, Terms and Conditions, and where optional schedules are available will advise such customer or prospective customer upon request as to the schedule appearing, upon information then available, to be most advantageous to the customer for the character of service to be taken.

C.    Customer Information -Account History and Applicable Charges

If an authorized party requests the Company to provide more than 24 months of usage history for a non-Residential customer, the Company shall charge the authorized requesting party a fee of \$30 per account for providing the information.

15.    COMPLIANCE WITH RATE SCHEDULES AND ANNUAL RATE REVIEW

In order to secure the benefit of any rate schedule, customer must use service for the purposes and in accordance with conditions specified in the schedule for such rate. A customer using service for purposes not permitted in rate schedule specified in service application shall be required to execute a new service application referring to the proper rate schedule. Company reserves the right to rebill for service rendered under the rate schedule applicable thereto for the period during which such service was in effect.



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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS** 4th Revised Sheet. No. 8.39

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15. COMPLIANCE WITH RATE SCHEDULES AND ANNUAL RATE REVIEW (Continued)

Annually each year, the Company will review all firm and interruptible commercial and industrial customer accounts to ensure customer annual usage, adjusted for service curtailments, is within the usage requirements of the customer rate schedule. Annual usage shall be determined on the basis of: 1) the prior twelve (12) month period August 1-July 31; 2) such other twelve (12) month period as may be agreed upon between the Company and customer; or 3) a partial period of less than twelve (12) months may be agreed upon between the Company and customer. If a customer's annual usage crosses over into the next rate class but remains within a range of plus or minus ten percent of the rate schedule usage, the customer will remain in their rate class, unless the customer falls outside the usage range for two consecutive years. Customers whose reviewed usage is determined to be greater than ten percent above or below the rate schedule usage will be placed into the appropriate rate class.

16. ORAL AGREEMENTS

Agents of the Company are not authorized to bind the Company except by a duly executed written instrument.

17. CUSTOMER SERVICE PRACTICE

The Company makes every possible effort to maintain its natural gas delivery system in good operating condition and adheres to published codes that customer appliances are manufactured under approved safety standards for safe, reliable operations at all times. A staff of qualified service personnel is maintained by the Company to perform those services necessary to enforce this policy. The service department operates on a five-day week, Monday through Friday, normal business hours except holidays. Emergency service is available on a 24-hour per day basis at all other times. Services consist of two groups; work for which no charge is made to the customer, and work for which costs are charged to the customer on a time and material basis, as follows:

1. Services on Customer Premises at no Charge – With the exception of those services performed to reconnect customers who have been disconnected for non-payment of utility bills, no charge is made for the following:
  - a) Turning on the natural gas supply for customers moving to premises served with gas.
  - b) Turning off the natural gas supply for customers moving from premises served with gas.
  - c) Repairing or replacing Company-owned equipment on customers' premises, including the meter, house regulator or piping associated thereto.
  - d) Inspecting and investigating potentially hazardous gas supply conditions on customers' premises.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**      2nd Revised Sheet No. 8.40

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17.      CUSTOMER SERVICE PRACTICE (Continued)

2.      Chargeable Services on Customer Premises – All other services on the customer’s premises are chargeable to the customer. This includes such items as lighting pilots; adjusting appliances; changes, modifications and repair of house piping and service lines; repair or replacement of controls and other appliance parts; and cleaning and inspecting customer owned gas burning devices for malfunctions.

18.      INFORMATION FROM CUSTOMERS

A.      Defective Equipment:

In case gas is found by customer to be escaping from any pipes or equipment in or about the customer’s premises, the customer shall notify the Company immediately. Defective appliances shall be disconnected at once and properly repaired before using again. In case of interruption of service, customer shall notify the Company immediately.

B.      Gas Load Analysis Data:

Each customer, upon request, shall furnish Company such reasonable data, as, in Company’s judgment, is necessary for the proper analysis of the gas load requirements of the customer.

19.      CONTINUOUS SERVICE POLICY

A.      Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to customers. The following priorities will be followed when operational and supply conditions require service interruptions with highest priorities listed first:

1.      Residential Sales/Farm Tap Residential
2.      Commercial & Industrial Firm Class 1 / Farm Tap Firm Class 1
3.      Commercial & Industrial Firm Class 2/ Farm Tap Firm Class 2
4.      Commercial & Industrial Firm Class 3/ Farm Tap Firm Class 3
5.      Commercial & Industrial Firm Class 4/ Farm Tap Firm Class 4
6.      Commercial & Industrial Firm Class 5/ Farm Tap Firm Class 5
7.      Transport for Resale Customers’ Firm Nominations
8.      Firm/Interruptible Service Customers’ Firm Nominations
9.      Commercial and Industrial Interruptible Class 1
10.     Commercial and Industrial Interruptible Class 2
11.     Transport for Resale Interruptible Volumes
12.     Commercial & Industrial Interruptible Class 3
13.     Commercial & Industrial Interruptible Class 4
14.     Commercial & Industrial Interruptible Class 5
15.     Power Generating Unit Class 1
16.     Power Generating Unit Class 2
17.     Agricultural Grain Dryer Class 1
18.     Agricultural Grain Dryer Class 2
19.     Agricultural Grain Dryer Class 3

19. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailment of Service to Interruptible Customers

1. Standard Order of Curtailment: When in the opinion of the Company it becomes necessary to curtail or interrupt service to any of the Company's customers, such service shall be interrupted in the following order:

1. Agricultural Grain Dryer Class 3
2. Agricultural Grain Dryer Class 2
3. Agricultural Grain Dryer Class 1
4. Power Generating Unit Class 2
5. Power Generating Unit Class 1
6. Commercial & Industrial Interruptible Class 5
7. Commercial & Industrial Interruptible Class 4
8. Commercial & Industrial Interruptible Class 3
9. Transport for Resale Customers' Interruptible Volumes
10. Commercial & Industrial Interruptible Class 2
11. Commercial & Industrial Interruptible Class 1
12. Firm/Interruptible Service Customers' Firm Nominations
13. Transport for Resale Customers' Firm Nominations
14. Commercial & Industrial Firm Class 5/Farm Tap Firm Class 5
15. Commercial & Industrial Firm Class 4/Farm Tap Firm Class 4
16. Commercial & Industrial Firm Class 3/Farm Tap Firm Class 3
17. Commercial & Industrial Firm Class 2/Farm Tap Firm Class 2
18. Commercial & Industrial Firm Class 1/Farm Tap Firm Class 1
19. Residential /Farm Tap Residential

Company must comply with curtailment plans, orders, definitions and classifications as set out in Federal Energy Regulatory Commission Gas tariffs of wholesale pipeline suppliers and in the rules and orders of regulatory or governmental bodies having jurisdiction. Further, unless circumstances arise that make it impossible to avoid curtailment, the Company will not curtail the firm capacity of interruptible customers receiving service under Firm/Interruptible service rate until all available interruptible capacity has been curtailed.

2. Partial Curtailment: Where curtailment of only part of the deliveries of gas under similar interruptible classification is necessary, all customers under such classification will over a reasonable period of time, be treated alike so far as practicable.
3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: In the event an interruptible customer takes any volume of gas in excess of authorized limitations ordered by the Company, the customer shall be billed an overrun deterrent and liquidated damages charge. Such charge shall be that amount set out in the rate schedule or contract and will be in addition to the normal rate for volumes consumed. The only exceptions shall be when the volumes were taken because of a force majeure operating situation of the customer as defined in his contract or rate schedule.

19. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailment of Service to Interruptible Customers (Continued)

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: (Continued)

The customer, in addition to taking all possible steps to stop such unauthorized takes of gas shall notify Company at once by phone or wire whenever a force majeure situation arises as a result of which the customer proposes to request waiver of the unauthorized overrun deterrent and liquidated damages charges, and shall furnish proof in writing satisfactory to Company, that such unauthorized gas volume takes were the direct result of such force majeure situation.

C. Emergency Repairs

The Company reserves the right to shut off gas at any time when such action is necessary for the purpose of making repairs or in case of any emergency. In such case, Company shall make every reasonable effort to restore service at the earliest practical moment. Any interruption of service will not relieve customer from any charges for service which has actually been rendered.

20. TITLE

The Company warrants the title to the natural gas delivered and that it has good right and lawful authority to sell the same.

21. LIABILITY OF PARTIES

Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company and the customer each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party. Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company will use reasonable care to provide an uninterrupted and regular supply of service, and the Company shall not be liable for any losses, injuries or damages resulting from any interruption, disturbance, deficiency or imperfection of service unless and to the extent they are due to willful misconduct or gross negligence on its part. In no event shall the Company be liable for any loss of profits or other consequential damages resulting from the use of service or from an interruption, disturbance, deficiency or imperfection of service.

The Company shall not be liable to the customer for its failure to deliver gas and the customer shall not be liable to the Company for its failure to receive gas when such failure on the part of either shall be due to accident to or breakage of pipelines, machinery or equipment, fires, floods, storms, weather conditions, strikes, riots, legal interferences, act of God or public enemy, shutdowns for necessary repairs and maintenance, failure or curtailment of gas supply or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that if the customer fails to take and receive gas made available for delivery by Company, customer shall nonetheless be charged the minimum bill as provided for and defined in the Commission approved rate schedule under which customer is served. The Company shall not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through the Company's meter herein defined as "point of delivery," nor for defects in the customer's piping or appliances. Neither shall the Company be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source, curtailments or reallocations by regulatory authorities with jurisdiction, or the inability to maintain capacity to meet gas requirements hereunder at the time.

It is the customer's responsibility to provide and maintain in good working order all pipes and valves to take the gas from the said meter, and all equipment used in the burning of the said gas, and shall also provide and maintain in good working order all vents necessary to efficiently take all gas fumes (including unburned gas, if any) to the outside air.

22. GOVERNMENTAL ACTION AND AUTHORITY:

A. Regulatory Action

The purchase and sale of gas by the Company is subject to all valid legislation with respect thereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. The Company reserves the right to make and to file with any and all duly constituted authorities having jurisdiction, changes in terms and conditions of service or new terms and conditions including, but not limited to, changes in rates or new rates.

The Company shall permit the staff of duly constituted authorities having jurisdiction to inspect during regular business hours, all of the Company's operations and records relating to customer service in Minnesota.

B. War and National Defense

During any period in which a state of war exists between the United States and any foreign power, both customer and the Company shall recognize that the national defense is paramount to any contractual obligations then existing between them and notwithstanding the provisions of any such contract, neither shall assert, nor be required to assume, any obligation which is inconsistent with or contrary to any governmental policy, rule, regulation or order made, issued or promulgated in the promotion thereof.

23. ALTERATIONS OF RULES AND REGULATIONS

No agent or employee has the right to modify or alter the application, rates, terms and conditions of these rules and regulations or the tariff of which they comprise a part or to make any promises or representations not contained herein or in supplements and revisions hereto, except by following the regular procedures for tariff changes as specified by the Minnesota Department of Commerce.

24. PULSE SIGNAL DIGITAL SERVICE

A. Description and Availability of Pulse Signal

Pulse signals generated from devices approved and provided by the Company are available to customers for the purpose of monitoring energy usage on a real time basis. Participation in pulse signal digital service is available for any Commercial /Industrial customers who either have a company owned gas meter or have company owned remote meter reading equipment meeting the current company standard required for transportation or interruptible service (defined as an instrument that corrects for pressure and temperature, has 30 days or more hourly audit trail capability and has appropriate communication equipment installed and functioning to communicate instrument data to the company over a dedicated telephone line).

B. Conditions of Pulse Service

1. Customers shall be required to sign a telemetry/pulse signal device agreement with the company as well as be in good credit standing to be eligible for this service.
2. Customers that presently have company installed remote meter reading equipment as previously defined, must also provide the required 120 VAC electric power and dedicated analog phone line in proper working order in their name as a pre-condition for acquiring access to and using this service. New customers shall be required to provide 120 VAC electric power and, at the company's sole discretion depending upon the connected load, may be required to provide a dedicated analog telephone line to the meter at their own expense as a pre-condition for receiving this service. All customers must provide a secure mounting space for the company's pulse equipment enclosure.
3. Installation fees for this service are non-refundable regardless of the term the service is used and all equipment installed by the company remains the property of the company.
4. The pulse signal device data is not of billing quality and as such, the Company will not accept information gathered using the pulse device as the basis for rendering any customer's gas bill. Customers may not use the data as a basis to dispute their bill.
5. The customer shall provide, install and maintain all wiring and equipment necessary to connect their devices to the Company's pulse equipment.
6. The company's exclusive business relationship with its end-use customer is ongoing, even if the end-use customer wishes to provide, or permit access to, the pulse signal device output to a third-party.
7. The customer will not be billed for any service calls on the pulse signal device for the first 180 days following the date of initial installation. After the 180 days, the customer shall be charged for all service calls, diagnostic as well as corrective, on the pulse signal device on a time and material basis. The company will, on a best efforts basis, provide prompt service calls but cannot guarantee response times.
8. The company reserves the right to suspend pulse signal device service without notice, while performing routine or required maintenance on our facilities.
9. The company does not guarantee pulse data or its quality and is not responsible for any suspensions, deficiencies, imperfections, or liability arising out of the loss of pulse signals.
10. It is understood that the Company does not monitor pulse output equipment. It is the customer's responsibility to notify the Company of any problems encountered with the pulse output equipment.

11. The company reserves the right to modify the standard installation or refuse to provide the service in situations that require extraordinary construction. Extraordinary construction may proceed if it is at the customer's expense.
12. Any changes made by the company to its measurement facilities, such as updates or upgrades for new technology, that impact this service shall be covered by the maintenance fee and borne by the company.

C. Charges for Pulse Signal Device Service

In order to receive Pulse Signal Device Service, customer must install telemetry equipment at the customer's expense. The telemetry equipment and any other improvements made by Company shall remain the property of Company.

Additionally, customer must install pulse signal device at customer's expense. The Pulse Signal Device and any other improvements made by Company shall remain the property of Company.



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**EXTENSION OF NATURAL GAS SERVICE**

2nd Revised Sheet No. 9.00

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1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Designation 9.A.3 of these Rules and Regulations.
  - (a) New residential service except as exempted in A.2 below.
  - (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.
  - (c) Commercial service, new and expanded requirements except as exempted in A.2 below.
  - (d) Industrial service - new and expanded requirements.
2. Applications for natural gas service are not required for:
  - (a) Additions to base load appliances for clothes drying, water heating and cooking.
  - (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.
3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.
4. All applications will be reviewed by Company's management and shall be processed in the following manner:
  - (a) Approved.
  - (b) Denied.
  - (c) Retained for future use, subject to cancellation by applicant.
5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions.

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**EXTENSION OF NATURAL GAS SERVICE**

3rd Revised Sheet No. 9.01

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1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will be Considered for Attachment

1. New Service:

(a) Residential Customers Based on the Following Conditions:

- (i) Natural gas will be used for approved residential purposes in a single family and/or multifamily dwelling when individually metered, or master metered dwelling units where either a) or b) below prevent individual metering of service.
  - a) Gas is used in centralized heating, cooling, water heating or ventilation units.
  - b) Where individual metering is impractical, unreasonable, or uneconomical.
- (ii) If an alternate form of energy other than solar is used for heating, it must provide 100% of peak day heating requirements.
- (iii) Application approvals will be based on the date of pending applications, providing the above conditions are met and appropriate certifications are provided by owner.

(b) Firm Commercial and Industrial Service Based on the Following Conditions:

- (i) Natural gas will be used for approved commercial and industrial purposes. This excludes gas used for irrigation, alfalfa dehydration and grain drying.
- (ii) If an alternate form of energy other than solar is used, it must provide 100% of peak day heating requirement.
- (iii) Customer must comply with heat loss or insulation standards established by Federal or State mandate or as Company may establish in its tariff.

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**EXTENSION OF NATURAL GAS SERVICE**

3rd Revised Sheet No. 9.02

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1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(c) Interruptible Service Based on the Following Conditions:

- (i) Company determines that the anticipated revenue from the new load is sufficient to prevent undue burden on existing ratepayers and conditions justify such service.
- (ii) Load to be connected must not be prohibited by the connection policy of the pipeline supplier or be in violation of any end use standards promulgated by State or Federal agencies.
- (iii) Applicants for service must agree to comply with all provisions of the service line extension policy described in Section IX.2 of this tariff.

(d) Farm Tap Customers in accordance with easement agreements executed with the supplier under the following conditions:

- (i) Applications for service must refer to and be based upon an easement clause which grants a right to a tap on the pipeline constructed pursuant to the easement.
- (ii) Applicant must be the Grantor of the easement, or his successor or assignee.
- (iii) The pipeline tap must be on a part of the property described in the easement.
- (iv) The right to the tap set forth in the easement may not have been previously exercised.
- (v) The volume of gas to be delivered through the tap may not exceed the smaller of the capacity of the initially installed small volume meter or the limits established by the wholesale supplier for small volume users.
- (vi) Supplier must obtain requisite regulatory authority to make the sale.

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**EXTENSION OF NATURAL GAS SERVICE**

1st Revised Sheet No. 9.03

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1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

- (vii) Gas delivered through the tap will not be resold to others by the Applicant or any of his successors.
- (viii) Gas delivered will not be used for such commercial services as grain drying.

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**EXTENSION OF NATURAL GAS SERVICE**

4th Revised Sheet No. 9.04

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2. EXTENSIONS OF COMPANY MAINS AND SERVICES

A. Residential Stand-Alone Service Extensions

For residential services added in an existing service area where no main extension is required and no prior feasibility study or Customer Extension Model included the proposed service line, Company will, without requiring a contribution in aid of construction (CIAC), provide 75 feet of service line to a permanent structure, as measured from the customer's property line and subject to Company operating standards. Service line extensions beyond 75 feet will require a CIAC, which shall be determined based on the incremental cost of the additional footage, not to exceed \$5.00 per foot. The actual per-foot installation cost is renegotiated annually through a competitive bidding process. Commercial and industrial customers do not receive a service extension allowance.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a Customer Extension Model described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

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**EXTENSION OF NATURAL GAS SERVICE**

3rd Revised Sheet No. 9.05

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2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

B. Main and Service Extensions

For residential customers where both a main and service extension is required and for all extensions to serve commercial and industrial customers, regardless of whether a main extension is involved, the Company will complete a Customer Extension Model as described in paragraph C to determine the amount of any required CIAC. At its option, the Company may recover the amount of the CIAC from the developer or directly from the customer. When longer than typical service lines are omitted from the Customer Extension Model for a particular development, the Company shall determine the CIAC for the individual, longer service lines based on the incremental cost of the additional footage in excess of the typical footage used in the study for that development and shall recover the CIAC from the individual customer served by the longer service line.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a Customer Extension Model described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

C. Customers Contribution in Aid of Construction (CIAC) Calculation for Mains and Services

In determining whether a customer owes a CIAC, the Company shall take into consideration the total cost of serving the applicant including, but not limited to, the total investment, including mains and service related investment, the annual volume of gas to be sold, operating and maintaining expenses, margin, the acceptable level of return on the required investment, and potential for additional sales through the new facility. The specific uniform factors used by the Company in completing a Customer Extension Model along with a description of the current Customer Extension Model are contained as an exhibit to the General Rules, Regulations, Terms and Conditions portion of this tariff. The Company will not use other uniform factors or change the Customer Extension Model without filing an amended exhibit. Company will apply the general principal that the rendering of service to the applicant shall not result in undue burden on the other customer. If a CIAC is required, it will be based on the results of the Customer Extension Model.

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**EXTENSION OF NATURAL GAS SERVICE**

6th Revised Sheet No. 9.06

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2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charge

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by November 30 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, the anticipated winter construction charges will be included in determining the feasibility and any necessary CIAC. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes.

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Included within the base winter construction charge and the frost charge are the use of any thawing devices or other equipment required to install as needed.

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s). Current winter construction charges are as follows:

- Winter Construction Charge: \$5.50 (7 County Metro), \$4.96 (out-state) per lineal foot;
- Frost Charge: \$6.05 (7 County Metro), \$5.77 (out-state) per lineal foot.

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a one-time charge of \$279.90 regardless of the number of thawing devices required.

E. Extension of Mains - Limitations

The Company reserves the right to refuse to install its facilities in or to any lot, tract or area if in the Company's judgment it is not economically feasible per the tariffed Customer Extension Model, is not safe for the Company's personnel, the customer, or the general public, or the lot, tract, or area is located remotely from the Company's other general service areas such that effective service, operations, or emergency response capabilities are impacted.

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**EXTENSION OF NATURAL GAS SERVICE**

3rd Revised Sheet No. 9.07

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2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

F. Title To Facilities

Title to all facilities herein provided for, together with all necessary right-of-way, permits and easements shall be and remain in the Company. As a condition of receiving service, the customer shall grant to the Company, without cost, all rights-of-way, easements, permits and privileges which are necessary for the rendering of gas service.

G. Exhibits

Method:

A standard Customer Extension Model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists. The calculation of retail revenues generated shall not include the Conservation Cost Recovery Charge (CCRC). The calculation of the revenue requirement for residential customers shall exclude the cost of up to a 75 foot service line. The calculation of revenue requirement for commercial and industrial customers shall include the cost of required service line extension.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the approved overall rate of return authorized in the most recent general rate proceeding. A total NPV of approximately zero (\$0) will show a project is self-supporting.

Customer Extension Model

Definitions:

All terms describe contents and general operation of the Customer Extension Model used to determine whether a CIAC is required from a customer(s).

- 1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) Year
- 3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of the CIAC in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators
- 4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years
- 5) Net Plant In Service: The difference between Gross Plant Investment and Accumulated Depreciation Reserve
- 6) Average Net Plan



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**EXTENSION OF NATURAL GAS SERVICE**

3rd Revised Sheet No. 9.08

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2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

- 7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on the CIAC. At the end of the service life of the plant installed the balance of ADIT will be zero.
- 8) Average Rate Base: Total of Average Net Plant plus Average Accumulated Deferred Income Taxes.
- 9) Allowed Return: Allowed Rate of Return as determined in the Company's most recent general rate proceeding. The Allowed Rate of Return multiplied by the Average Rate Base equals the Allowed Return.
- 10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment. The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.
- 11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.
- 12) Property Tax: In any year shall be a factor of the gross plant investment (after the CIAC). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.
- 13) Total Revenue Requirement: Total of Allowed Return, Book Depreciation, O & M Expenses, and Property Tax.
- 14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.
- 15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement and the amount of Retail Revenue. Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated
- 16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies are discounted to a present value using a discount rate equal to the approved overall rate of return established in the most recent general rate proceeding. The model will determine what the CIAC would be for a customer in order for the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self-supporting." That is, the customer's CIAC is the proper amount of customer-contributed capital necessary to support the project at the projected level of retail revenues.

**CANCELED**

**CANCELED**

**CANCELED**

**CANCELED**

**CANCELED**

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**EXTENSION OF NATURAL GAS SERVICE**

2nd Revised Sheet No. 9.14

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3. NEW AREA SURCHARGE RIDER

Availability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes. The new area surcharge calculation includes the full life of all plant additions.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the cost of long-term debt authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

1. The actual capital costs and projected remaining capital costs for the project,
2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

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**EXTENSION OF NATURAL GAS SERVICE**

2nd Revised Sheet No. 9.15

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3. NEW AREA SURCHARGE RIDER (Continued)

Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed thirty (30) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of thirty (30) years, whichever occurs first.

Revenue Requirements Model

Definitions:

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

**Column/Description**

- 1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) Year.
- 3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. The discount rate used for this present value calculation is the cost of long-term debt from the Company's most recent rate case. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public, but excluding the cost of service lines. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.
- 5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) Average Net Plant: Average of Column 5.
- 7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.



**EXTENSION OF NATURAL GAS SERVICE**

1st Revised Sheet No. 9.16

3. NEW AREA SURCHARGE RIDER (Continued)

8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).

9) Allowed Return: Derived from the Company's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
						Allowed Rate of Return

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.

11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.

12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-of-construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.

13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).

14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge, excluding the Conservation Cost Recovery Charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

**EXTENSION OF NATURAL GAS SERVICE**

7th Revised Sheet No. 9.17

3. NEW AREA SURCHARGE RIDER (Continued)

15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the cost of long-term debt established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is “self-supporting.” That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

Surcharge Rider Rates:

A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

<b>Ely Lake Project 20 Year New Area Surcharge Expires 2034</b>	
Residential and Residential –Farm Tap	\$25.45
Commercial & Industrial Firm Class 1 and Farm Tap Firm Class 1	\$25.45
Commercial & Industrial Firm Class 2 and 3 and Farm Tap Firm Class 2 and 3	\$120.55
Commercial & Industrial Interruptible Class 1, 2, and 3, Agricultural Grain Dryer Class 1, and Electric Generation Class 1	\$442.03
Commercial & Industrial Firm and Interruptible Class 4 and 5, Farm Tap Firm Class 4 and 5, Grain Dryer Class 2 and 3, and Electric Generation Class 2	\$495.61

**EXTENSION OF NATURAL GAS SERVICE**

Original Sheet No. 9.18

3. NEW AREA SURCHARGE RIDER (Continued)

Surcharge Rider Rates (continued):

A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

<b>Detroit Lakes—Long Lake Project 15 Year New Area Surcharge Expires 2030</b>	
Residential and Residential –Farm Tap	\$19.16
Commercial & Industrial Firm Class 1 and Farm Tap Firm Class 1	\$36.30
Commercial & Industrial Firm Class 2 and 3 and Farm Tap Firm Class 2 and 3	\$90.76
Commercial & Industrial Interruptible Class 1, 2, and 3, Agricultural Grain Dryer Class 1, and Electric Generation Class 1	\$332.78
Commercial & Industrial Firm and Interruptible Class 4 and 5, Farm Tap Firm Class 4 and 5, Grain Dryer Class 2 and 3, and Electric Generation Class 2	\$373.12

<b>Fayal Township—Long Lake Project 20 Year New Area Surcharge Expires 2036</b>	
Residential and Residential –Farm Tap	\$21.16
Commercial & Industrial Firm Class 1 and Farm Tap Firm Class 1	\$40.09
Commercial & Industrial Firm Class 2 and 3 and Farm Tap Firm Class 2 and 3	\$100.23
Commercial & Industrial Interruptible Class 1, 2, and 3, Agricultural Grain Dryer Class 1, and Electric Generation Class 1	\$367.49
Commercial & Industrial Firm and Interruptible Class 4 and 5, Farm Tap Firm Class 4 and 5, Grain Dryer Class 2 and 3, and Electric Generation Class 2	\$412.04

**EXTENSION OF NATURAL GAS SERVICE**

Original Sheet No. 9.19

3. NEW AREA SURCHARGE RIDER (Continued)

Surcharge Rider Rates (continued):

A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

<b>Esko Project 25 Year New Area Surcharge Expires 2042</b>	
Residential and Residential –Farm Tap	\$24.18
Commercial & Industrial Firm Class 1 and Farm Tap Firm Class 1	\$45.81
Commercial & Industrial Firm Class 2 and 3 and Farm Tap Firm Class 2 and 3	\$114.53
Commercial & Industrial Interruptible Class 1, 2, and 3, Agricultural Grain Dryer Class 1, and Electric Generation Class 1	\$419.95
Commercial & Industrial Firm and Interruptible Class 4 and 5, Farm Tap Firm Class 4 and 5, Grain Dryer Class 2 and 3, and Electric Generation Class 2	\$470.85

<b>Balaton Project 25 Year New Area Surcharge Expires 2042</b>	
Residential and Residential –Farm Tap	\$24.14
Commercial & Industrial Firm Class 1 and Farm Tap Firm Class 1	\$45.75
Commercial & Industrial Firm Class 2 and 3 and Farm Tap Firm Class 2 and 3	\$114.37
Commercial & Industrial Interruptible Class 1, 2, and 3, Agricultural Grain Dryer Class 1, and Electric Generation Class 1	\$419.34
Commercial & Industrial Firm and Interruptible Class 4 and 5, Farm Tap Firm Class 4 and 5, Grain Dryer Class 2 and 3, and Electric Generation Class 2	\$470.17



Copies of the official tariff sheets are available at offices providing service under the tariffs, and at the offices of the Minnesota Public Utility Commission (“Commission”). The information available here attempts to be materially the same, but should there be any conflicts or discrepancies, in all cases the official tariffs on file with the Commission will take precedence over these documents.

**DOCUMENTS INCLUDED IN THIS FILE:**

**MERC**

Natural Gas Sales Agreement	2
Appendix A to Natural Gas Sales Agreement	7
Transportation Service Agreement	8
Appendix A. to Transportation Service Agreement	14
Appendix B. Certification for Service to Firm Transportation Customers	15
Balancing Service Addendum to Gas Transportation Service Agreement	16



**MINNESOTA ENERGY RESOURCES CORPORATION  
NATURAL GAS SALES AGREEMENT**

This Natural Gas Sales Agreement (“Agreement”) is made and effective by and between Minnesota Energy Resources Corporation (“MERC” or “Company”) and \_\_\_\_\_ (“Customer”).

It is hereby agreed as follows:

1. **Availability and Description of Services.** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas at the location(s) and accounts listed in Appendix A. The natural gas shall be used by the Customer for the following specific uses: \_\_\_\_\_.

2. **Applicable Tariffed Rate.** Customer shall elect from the following tariffed services, as referenced from Company’s Tariff and Rate Book, Section 5.0, subject to Company approval for the accounts listed in Appendix A.

Applicable Tariffs if Customer served on Northern Natural Gas Pipeline Company interconnection:

**Rate Schedule NNG Interruptible Services**

- Commercial & Industrial Interruptible Class 1
- Commercial & Industrial Interruptible Class 2
- Commercial & Industrial Interruptible Class 3
- Commercial & Industrial Interruptible Class 4
- Commercial & Industrial Interruptible Class 5

**Rate Schedule NNG Firm/Interruptible Service**

- Commercial & Industrial Firm/Interruptible Class 1
- Commercial & Industrial Firm/Interruptible Class 2
- Commercial & Industrial Firm/Interruptible Class 3
- Commercial & Industrial Firm/Interruptible Class 4
- Commercial & Industrial Firm/Interruptible Class 5

**Rate Schedule NNG Agricultural Grain Dyer Service**

- Agriculture Grain Dyer Class 1
- Agriculture Grain Dyer Class 2
- Agriculture Grain Dyer Class 3

**Rate Schedule NNG Firm/Interruptible Service**

- Agriculture Grain Dyer Firm/Interruptible Class 1
- Agriculture Grain Dyer Firm/Interruptible Class 2
- Agriculture Grain Dyer Firm/Interruptible Class 3

**Rate Schedule NNG Electric Generation Service**

- Electric Generation Class 1
- Electric Generation Class 2

**Rate Schedule NNG Firm/Interruptible Service**

- Electric Generation Firm/Interruptible Class 1
- Electric Generation Firm/Interruptible Class 2

Applicable Tariffs if Customer served on Consolidated pipelines interconnection (as defined per tariff):

**Rate Schedule Consolidated Interruptible Services**

- Commercial & Industrial Interruptible Class 1
- Commercial & Industrial Interruptible Class 2
- Commercial & Industrial Interruptible Class 3
- Commercial & Industrial Interruptible Class 4
- Commercial & Industrial Interruptible Class 5

**Rate Schedule Consolidated Firm/Interruptible Service**

- Commercial & Industrial Firm/Interruptible Class 1
- Commercial & Industrial Firm/Interruptible Class 2
- Commercial & Industrial Firm/Interruptible Class 3
- Commercial & Industrial Firm/Interruptible Class 4
- Commercial & Industrial Firm/Interruptible Class 5



**Rate Schedule Consolidated  
Agricultural Grain Dryer Service**

Agriculture Grain Dyer Class 1  
Agriculture Grain Dyer Class 2  
Agriculture Grain Dyer Class 3

**Rate Schedule Consolidated  
Firm/Interruptible Service**

Agriculture Grain Dyer Firm/Interruptible Class 1  
Agriculture Grain Dyer Firm/Interruptible Class 2  
Agriculture Grain Dyer Firm/Interruptible Class 3

**Rate Schedule Consolidated  
Electric Generation Service**

Electric Generation Class 1  
Electric Generation Class 2

**Rate Schedule Consolidated  
Firm/Interruptible Service**

Electric Generation Firm/Interruptible Class 1  
Electric Generation Firm/Interruptible Class 2

3. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Tariffs, including General Rules, Regulations, Terms and Conditions, and all applicable regulations, terms and conditions of service as filed with the Minnesota Public Utility Commission, as modified from time to time by Company (and which by this reference are made a part hereof). Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon request.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

4. **Nature of Sale.** Based on the Customer's election of tariffed service, certain portions of the delivery of natural gas may be firm gas and other portions of the delivery and supply may be interruptible.

- a. Firm Service ("Daily Firm Nomination"). All Daily Firm Nomination quantities will be considered first through the customer's meter on each gas day, which begins at 9:00am (Central Clock time). The Daily Firm Nomination of gas to be supplied and delivered hereunder shall be indicated in Appendix A in therms and shall be the maximum volume of gas the Company is obligated to supply and deliver to the Customer on any day. To maintain the integrity of Company's natural gas system, Daily Firm Nominations may be curtailed as provided for in Section 8.00 of the Company's General Rules, Regulations, Terms and Conditions. A Customer selecting a purely interruptible rate will not be eligible during the term of this Agreement for firm service, unless otherwise permitted by the Company in accordance with Section 6 of this Agreement.
- b. Interruptible Service. All volumes above nominated Daily Firm Nomination quantities shall be on an interruptible basis. Interruptible Service is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority
- c. than that delivered hereunder as indicated and described within the Company's Tariffed Rate, General Rules, Regulations, and Terms and Conditions of Service. Customer must:



(1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company.

Any volume of gas exceeding the designated Daily Firm Nomination, as indicated in Appendix A, taken by a customer after one hour of when Company has notified Customer of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken unauthorized gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. Customer's usage of unauthorized volumes is subject to penalties for unauthorized use in accordance with Company's tariffs. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.

The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

5. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

6. **Term.** This Agreement shall become effective on \_\_\_\_\_, 20\_\_\_\_, and shall continue in effect until \_\_\_\_\_, 20\_\_, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice, subject to applicable conditions regarding transfer of service.

7. **Request to Transfer Service or Modify Daily Firm Nomination.** Customer agrees to be subject to the terms of the services herein for the period November 1 through October 31. Customer may not transfer to non-interruptible service or modify Daily Firm Nominations until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer or proposed modification in Daily Firm Nomination. Customer shall fill out a Notice of Intent to Switch Natural Gas Services form and submit it to the Company for a proposed transfer or modification in Daily Firm Nomination. Such transfer or modification in Daily Firm Nomination will only be approved by the Company if the Company is able to arrange adequate additional firm gas supplies, transportation and distribution resources to meet the needs





imposed on its system by the Customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer or modify Daily Firm Nomination. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

7. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

8. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at Minnesota Energy Resources Corporation, 1995 Rahncliff Ct., Suite 200, Eagan, Minnesota 55122-3401 and notices to Customer, including notices of interruption as specified in Company’s tariff terms and conditions, shall be directed to:

Title of person to be notified: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Address: \_\_\_\_\_

Either party may change its address or person to receive notice under this section at any



time upon written notice.

9. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

10. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

14. **Entire Agreement:** This Agreement and Company’s Tariffed Rates, General Rules, Regulations, and Terms and Conditions of Service constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter. In the event of any conflict between the terms of this Agreement and the Company’s Tariffs, General Rules, Regulations, and Terms and Conditions of Service, the Company’s Tariffs, General Rules, Regulations, and Terms and Conditions of Service shall control.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation (“MERC”)

\_\_\_\_\_  
*(print name)*

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



APPENDIX A. NATURAL GAS SALES AGREEMENT

Address	Account Number	Tariffed Rate	Daily Firm Nomination (daily/therm)



## MINNESOTA ENERGY RESOURCES CORPORATION TRANSPORTATION SERVICE AGREEMENT

This Transportation Service Agreement (“Agreement”) is made and effective by and between Minnesota Energy Resources Corporation (“MERC” or “Company”) and \_\_\_\_\_ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the covenants contained herein, Company and Customer agree as follows:

1. **Availability and Description of Services:** Service under this Agreement is available to an eligible Customer that: (1) is not receiving sales service under the Natural Gas Sales Service Agreement and (2) purchases its own gas supplies that can transported by pipeline and then delivered to Customer on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system. Further, if a gas supplier shall arrange for firm transportation on behalf of the Customer, gas supplier and Customer shall sign a joint certification confirming said firm transportation of gas supply shall be executed and attached as Appendix B to this Agreement. The use of interruptible transportation service is only available if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must reasonably demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

Customer will receives services under this Agreement for the accounts and locations as provided in Appendix A. If Customer will have a gas supplier (a “Marketer”) arrange for firm transportation on behalf of Customer, Marketer shall execute an Agent Verification Agreement.

2. **Service Conditions and Requirements:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 et seq. and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“Commission”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such



investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company's Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

3. **Applicable Tariffs:** Customer shall elect the following tarified services, as referenced from Company's Tariff and Rate Book, Section 6.0 et seq., subject to Company approval for the accounts listed in Appendix A.

**Applicable Tariffs:**

Commercial & Industrial  
Firm/Interruptible Class 1  
Transport

Commercial & Industrial  
Firm/Interruptible Class 2  
Transport

Commercial & Industrial  
Firm/Interruptible Class 3  
Transport

Commercial & Industrial  
Firm/Interruptible Class 4  
Transport

Commercial & Industrial  
Firm/Interruptible Class 5  
Transport

Agricultural Grain Dryer  
Firm/Interruptible Class 1  
Transport

Agricultural Grain  
Firm/Interruptible Dryer Class 2  
Transport

Agricultural Grain  
Firm/Interruptible Dryer Class 3

Electric Generation  
Firm/Interruptible Class 1  
Transport

Electric Generation  
Firm/Interruptible Class 2  
Transport

**Optional Services:**

The following services are available at Customer's option:



Volume Balancing Service  
Aggregation Service (applies to Marketer)

Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Joint/Interruptible Service.** Customer elects, subject to the agreement of Company, the amount of Daily Firm Nomination as indicated by account, in Appendix A. Any usage above that amount shall be interruptible. To the extent that Customer has selected Daily Firm Nomination, Customer agrees to the following:

- a. Customer represents and warrants to Company that it, or its gas supply or both, will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company's natural gas distribution system to deliver on a firm basis all volumes of gas to Company for Customer's accounts identified Appendix A.
- b. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and its gas supply are unable to deliver gas to Company's natural gas distribution system as provided above, then Customer or Customer's designated gas supplier shall immediately notify Company in email to the following address : \_\_\_\_\_
- c. Customer and its gas supplier shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney's fees and court costs) arising out of the failure of Customer and gas supplier to maintain, or cause to be maintained, the firm transportation rights described herein.

5. **Term:** This Agreement shall remain in effect for a primary term of \_\_\_\_\_ (\_\_\_) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

6. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

7. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced this Agreement and Company's Tariffs, General Rules, Regulations, and Terms and Conditions of Service.



8. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 12, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra-day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

9. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus applicable charges and penalties per Company's Tariffs . Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so.

10. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

11. **Request to Transfer to Sales Service or Modify Daily Firm Nomination:** Customer agrees to take transportation service at the amount of Daily Firm Nomination indicated in Appendix A for the period November 1 through October 31. Customer may not transfer to sales service or modified its Daily Firm Nomination until the next November 1st and must notify the



Company in writing at least ninety days prior to the transfer or modify as applicable. Customer shall fill out a Notice of Intent to Switch Natural Gas Services form and submit it to the Company for a change to sales service or modification its Daily Firm Nomination. A customer may only transfer to firm sales service or modify its Daily Firm Nomination if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service or modify Daily Firm Nomination. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer or modify service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

12. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC")	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

13. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariffs, General Rules, Regulations, and Terms and Conditions of Service, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the Commission and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariffs, General Rules, Regulations, and Terms and Conditions of Service and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Company's





Tariffs, General Rules, Regulations, and Terms and Conditions of Service, the Company’s Tariffs, General Rules, Regulations, and Terms and Conditions of Service shall control.

14. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

a. the risk that Customer may incur penalties for usage of unauthorized volumes described in the Company’s Tariffs and any charges Company incurs from the pipeline on behalf of Customer; and

b. that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

15. **Entire Agreement:** This Agreement and Company’s Tariffs constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation (“MERC”)

\_\_\_\_\_  
*(print name)*

By:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_



APPENDIX A. TRANSPORTATION SERVICE AGREEMENT

Address	Account Number	Tariffed Rates applicable	Daily Firm Nomination (daily/therm)



**APPENDIX B. CERTIFICATION FOR SERVICE TO FIRM TRANSPORTATION CUSTOMERS**

**Minnesota Energy Resources Corporation  
CERTIFICATION FOR SERVICE TO FIRM TRANSPORTATION CUSTOMERS**

[Name of individual signing for Customer], [position], of [Customer name] (“Customer”) and [name of individual signing for Marketer], [position], of [Marketer name] (“Marketer”) certify and agree as follows:

1. Customer and Marketer represent to Minnesota Energy Resources Corporation (“MERC” or “Company”) that it shall, on behalf of its Customer will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company’s natural gas distribution system to deliver on a firm basis all volumes of gas to Company for Customer’s accounts identified on Exhibit “A” attached hereto.
2. In the event any such firm transportation rights are terminated or limited in any manner so that Marketer is unable to deliver gas to Company’s natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company via email to the following address:  
\_\_\_\_\_.
3. Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney’s fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.
4. This Certification shall be governed and construed in accordance with the laws of the State of Minnesota.
5. Customer warrants, represents, and certifies that he/she is authorized to sign this Certification on behalf of Customer, that execution of this Certification serves to bind Customer, and that Marketer is authorized to act on behalf of Customer for purposes of the securing and transporting natural gas and to execute this Certification.
6. [Name of individual signing for Marketer]warrants, represents, and certifies that he/she is authorized to sign this Certification on behalf of Marketer and that execution of this Certification serves to bind Marketer.
7. This Certification may be executed in one (1) or more counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same agreement, and may be executed and delivered by facsimile signature, which shall be considered an original.

**Marketer Name**

**Customer Name**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



MINNESOTA ENERGY RESOURCES CORPORATION  
BALANCING SERVICE ADDENDUM TO  
GAS TRANSPORTATION  
SERVICE AGREEMENT

This Addendum subject to that certain Transportation Service Agreement made (“Date”) is by and between Minnesota Energy Resources Corporation (“MERC” or “Company”) and \_\_\_\_\_ (“Customer”).

WHEREAS, Customer and Company have entered into a Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Pursuant to Section 6.00 of Company’s Tariffs, Customers who elect transportation service may purchase Company’s Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement. If daily consumption is less than 200 dekatherms, then Customer will be on Small Volume Balancing Service. If daily consumption is greater than 200 dekatherms, then Customer will be on Large Volume Balancing Service. A customer may change between the two balancing services on November 1 of each year based on the previous year’s maximum daily volume.

Pursuant to this Addendum, the Customer is taking \_\_\_\_\_ Volume Balancing Service [indicate the appropriate service].

2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company’s tariff.

3. **Maximum Daily Quantity (“MDQ”) Requirements; Penalties.**

Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a “Critical Day” or “Operational Flow Order,” Customer must, without



notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours' notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in the Company's Tariff for each dekatherm that Customer failed to deliver.

4. **Definitions.** Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company's Tariff. A "Critical Day", when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An "Operational Flow Order," when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.

5. **Fee.** Customer shall pay Company the applicable Tariffed Rate per dekatherm transported by Customer on Company's system for this balancing service.

6. **Term.** The term of this Agreement shall commence \_\_\_\_\_, 20\_\_\_\_, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.



The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation (“MERC”)

\_\_\_\_\_  
*(print name)*

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



24-Hour Customer Service  
24-Hour Gas Emergencies

800-889-9508  
800-889-4970

www.minnesotaenergyresources.com

Bill Date	Account Number	Payment Due Date	Amount Due
mm/dd/yyyy	1234567890-12345	mm/dd/yyyy	\$00.00

**Customer Name** JOHN D SMITH  
**Service Address** 1234 UTILITY DR  
ANYTOWN MN 12345-6789

**Activity Since Last Bill**

Previous Balance mm/dd/yyyy \$0.00  
Payment Received mm/dd/yyyy \$0.00  
Balance \$0.00  
Total Current Charges \$0.00  
Total Current Balance \$0.00

**Gas Residential With Heat**

**GS-Res NNG**

Meter Number 123456 Actual Reading mm/dd/yyyy 0000  
Actual Reading mm/dd/yyyy 0000  
00  
Meter Constant x 0.0000  
Gas Used (CCF) 00  
Therm Conversion 00 x 0.000 BTU Factor = 000 Therms

**Local Distribution Service**

Monthly Customer Charge xx Days at \$0.00000 \$0.00  
Distribution Charge xx Therms at \$0.00000 \$0.00  
Interim Distribution Charge xx Therms at \$0.00000 \$0.00

**Gas Supply Service**

Base Gas Cost xx Therms at \$0.000000 \$0.00  
Purchased Gas Adjustment xx Therms at \$0.00000 (xx/xx Days) \$0.00  
Purchased Gas Adjustment xx Therms at \$0.00000 (xx/xx Days) \$0.00

**Other Service Charges/Credits**

2014 Decoupling Adjustment xx Therms at \$0.00000 \$0.00  
Affordability Surcharge xx Therms at \$0.00000 \$0.00  
Conservation Cost Recovery Adj xx Therms at \$0.00000 \$0.00

**Tax**  
State Tax 0.00% of \$00.00 \$0.00  
Franchise Fee Anytown \$0.00 \$0.00

**Total Gas Service Charges \$00.00**

**Total Current Charges \$00.00**

**Messages**

Even out your energy bills! Enroll in Budget Billing by paying exactly \$00.00, rather than the amount due shown. This will then be your monthly Budget amount. Every six months, your account will be reviewed and your payment may be adjusted to better reflect your actual use.

ACCOUNT NUMBER: 1234567890-12345

Page 1 of 1

Please return this stub with your payment.



Account Number: 1234567890-12345



00000637

JOHN D SMITH  
1234 UTILITY DR  
ANYTOWN, MN 12345-6789



Minnesota Energy Resources  
PO Box 19002  
Green Bay, WI 54307-9002

**Account Summary**

Billing Period: mm/dd/yyyy to mm/dd/yyyy

Month YYYY	
Billing Days	00
Avg Daily Temp	00° F
Therms Used	00
Avg Therms/Day	0.0

**Therms Used By Month**

**Monthly Charges**

<b>Amount Due By</b>	<b>mm/dd/yyyy</b>	<b>\$00.00</b>
A 1.5% late fee will be charged on unpaid balances over \$10		
<i>Please write your account number on your check.</i>		
Amount Enclosed		
<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto;"></div>		

I want to support the HeatShare program, which helps pay energy expenses for those in need. I have circled my monthly gift amount below.

\$1 \$5 \$10 \$20 Other \_\_\_\_\_

## Helpful Information

### Billing Questions Or Complaints

If you have any questions or concerns about your bill, please contact us prior to the bill due date, so we can help.

Register any inquiry or complaint at Minnesota Energy Resources, PO Box 2176, Scottsbluff, NE 69363 or 800-889-9508.

You can also contact us for any of the following:

- Rate options & explanation of rates.
- How to calculate or verify the accuracy of your bill.
- Evaluating your energy use.
- Energy conservation efforts.
- Updating your account information.
- Billing & payment options.
- A free customer information booklet.

### Contacting Us

Phone: 800-889-9508  
 Email: [customerservice@minnesotaenergyresources.com](mailto:customerservice@minnesotaenergyresources.com)  
 Mail: PO Box 19002, Green Bay, WI 54307-9002  
 Web: [www.minnesotaenergyresources.com](http://www.minnesotaenergyresources.com)

### Late Payments

Your payment is considered late if it is not received by the Payment Due Date. Late payments in excess of \$10.00 are subject to a late payment charge of 1.5% monthly (18% annually) or \$1.00, whichever is greater.

### Safety Reminders

- If you smell natural gas, leave the premise immediately and call our 24-Hour Emergency Service at **800-889-4970**.
- Call 811 at least 2 working days before you dig to have lines marked.

### Minnesota Public Utilities Commission

As a natural gas utility, Minnesota Energy Resources is regulated by the Minnesota Public Utilities Commission (MPUC). You can learn more about the MPUC at [www.puc.state.mn.us](http://www.puc.state.mn.us).

*Importante: Esta información se refiere a su servicio y tarifas.  
 Es posible que quiera una traducción.  
 Llame al 800-889-9508 para pedir una traducción. .*

## Explanation Of Billing Terms

### Usage

**BTU (British Thermal Unit)** – A factor that converts gas volumes into the heating value of the gas.

**CCF (100 Cubic Feet)** – The volume of gas measured by your meter.

**Therms** – A measurement of the heat energy in natural gas that is used to calculate your charges. For billing, it's the volume of natural gas in CCFs multiplied by the heat factor (BTU).

### Charges

**Affordability Surcharge** – A charge required by state law to fund the Gas Affordability Program, which provides assistance to low-income customers.

**Base Gas Cost** – The actual cost of the natural gas used.

**Conservation Cost Recovery** – A per-therm charge to recover costs of the Conservation Improvement Program, which encourages customers to make energy efficient improvements.

**Decoupling Adjustment** – Within limits, allows for the recovery of lost revenue due to declining sales and requires credits in the event of excess sales.

**Distribution Charge** – The charge for the safe and reliable delivery of gas to customers.

**Gas Supply Service** – The costs for providing natural gas to our customers. This includes Base Gas Cost and Purchased Gas Adjustment charges.

**Local Distribution Service** – The charge for the safe and reliable delivery of natural gas to customers. It includes a Monthly Customer Charge and Distribution Charge.

**Monthly Customer Charge** – A monthly charge that helps cover the costs of providing service to customers. This includes equipment, billing and programs.

**Purchased Gas Adjustment** – An adjustment or rate change due to the cost of purchasing natural gas for customers.

### Financial Assistance

**Energy Assistance Program (EAP)** – Provides heating assistance grants to eligible customers. For assistance, call 800-657-3710.

**Cold Weather Rule (CWR)** – Protects you from unlawful shut offs during the winter months when you enter into a payment agreement with us. For more information, call Minnesota Energy Resources at 800-889-9508.

**Gas Affordability Program (GAP)** – Additional energy assistance for recipients of the Low Income Energy Assistance Program.

**HeatShare** – A Salvation Army program that provides energy assistance to low-income families and individuals. Call 800-842-7279 to find the office that serves your area.