
GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

3rd Revised Sheet No. 8.00

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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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 1, 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. All interruptible customers must either (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment or (2) have the ability to fully and completely suspend the use of interruptible gas on one hour's notice when requested to do so by the Company.
7. Electric Generation Customer: A customer using more than 50% of annual volumes for electric generation.

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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 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.

12. 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 100% firm service, 100% interruptible service, or a base of firm gas volumes supplemented by interruptible gas volumes.

13. 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.

14. 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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1. DEFINITIONS (Continued)

F. Types of Customers (Continued)

15. 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.

O. Daily Firm Nomination:

This is the amount of capacity a Firm/Interruptible 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). If a partial day curtailment is called, the customer’s Daily Firm Nomination will be prorated by, and applied to, the number of hours remaining in the gas day when the curtailment goes into effect. A partial day curtailment means a curtailment that is effective any time other than 9:00am (Central Clock time).

P. 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.

Q. 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.

R. Excess Flow Valve:

A safety device designed to automatically stop or restrict the flow of gas if an underground pipe is broken or severed.

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.

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2. MEASUREMENT AND QUALITY: (Continued)

D. Computation of Volumes of Gas Sold:

1. General Service and 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 Pipeline.
 - (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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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.

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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 the 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)

Aitkin

There shall be added to each customer's monthly natural gas bill a City of Aitkin 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 Aitkin, which is currently 3% of gross revenues for natural gas service furnished within the city of Aitkin. The fee is listed on the bill as "Franchise fee-Aitkin."

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."

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8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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."

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 Class 1 commercial customers, \$10.00 per meter for Classes 2-5 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 "Franchisee 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 "Franchisee fee – Mantorville."

Moose Lake

There shall be added to each customer's monthly natural gas bill a City of Moose Lake 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 Moose Lake, which is currently a flat fee of \$2.00 per month, plus \$0.01400 per therm of natural gas used. The fee is listed on the bill as "Franchise fee – Moose Lake."

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."

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8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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."

North Branch

There shall be added to each customer's monthly natural gas bill a City of North Branch 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 North Branch, which is currently a flat fee of \$2.00 per Residential account per month, \$3.00 per account per month for commercial and industrial accounts using 1,500 therms or less per year, and \$5.00 per account per month for all other classes of customers. The fee is listed on the bill as "Franchise Fee North Branch."

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."

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8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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."

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."

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8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

Fairmont

There shall be added to each customer's monthly natural gas bill a City of Fairmont 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 Fairmont, which is currently \$2.50 per month per meter plus \$0.00375 per therm for Power Generating Unit Class 1 and 2 customers and \$2.50 per month per meter plus \$0.015 per therm for all other customers. The fee is listed on the bill as "Franchise fee-Fairmont.

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.

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.

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.

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 liquidated damages charge set out herein and normal rate for gas consumed, will be required to be paid before service is restored. Interruptible customers must fully curtail all interruptible gas usage within one hours' notice. Failure of the customers' backup system, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders.

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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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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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.

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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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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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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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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.

3. Excess Flow Valves – In accordance with Federal Pipeline Safety Regulations, 49 CFR §192.383, customers who do not have an EFV may be eligible to have one installed. EFVs are not available for some customers due to the amount of gas used, areas with delivery pressures less than 10 psi, or other circumstances that hinder the effectiveness of the EFV. If a customer is eligible and requests the installation of an EFV, an EFV will be installed at a time that is mutually agreeable to Minnesota Energy Resources and the customer. The customer will be responsible for the cost of excavation and surface restoration associated with the installation of the EFV.

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 firm service customers. Interruptible customers are subject to curtailment. 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. Direct Connect Transportation Service
8. Transport for Resale Customers' Firm Nominations
9. Firm/Interruptible Service Customers' Firm Nominations
10. Commercial and Industrial Interruptible Class 1
11. Commercial and Industrial Interruptible Class 2
12. Transport for Resale Interruptible Volumes
13. Commercial & Industrial Interruptible Class 3
14. Commercial & Industrial Interruptible Class 4
15. Commercial & Industrial Interruptible Class 5
16. Power Generating Unit Class 1
17. Power Generating Unit Class 2
18. Agricultural Grain Dryer Class 1
19. Agricultural Grain Dryer Class 2
20. 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. Direct Connect Transportation Service
 15. Commercial & Industrial Firm Class 5/Farm Tap Firm Class 5
 16. Commercial & Industrial Firm Class 4/Farm Tap Firm Class 4
 17. Commercial & Industrial Firm Class 3/Farm Tap Firm Class 3
 18. Commercial & Industrial Firm Class 2/Farm Tap Firm Class 2
 19. Commercial & Industrial Firm Class 1/Farm Tap Firm Class 1
 20. 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.

19. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailement of Service to Interruptible Customers (Continued)

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

Interruptible customers must fully curtail all interruptible gas usage within one hours' notice. Failure of the customers' backup system, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders.

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.

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).

24. PULSE SIGNAL DIGITAL SERVICE (Continued)

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.