CLASS OF SERVICE: Commercial and Industrial **Rate No. 86**
RATE DESIGNATION: Contract Sales Service

1. Applicability

This rate is available for gas volumes, on a contract basis, to commercial and industrial customers, including governmental entities. If no historical peak day usage is available, the nameplate input ratings of all gas burning equipment shall be used to determine a customer's maximum requirement.

2. Availability

This service is available to commercial and industrial customers, including governmental entities, with facilities served by the Company in South Dakota, with primarily space heating requirements, or grain dryers. This service is available on a firm or interruptible basis. D

3. Rates

Customer may choose the rate option, and level of daily contract demand (never less than 50 therms), which best fits the customer's needs.

Monthly Charges:	Option A	Option B
Customer Charge per Meter:	$150.00	$350.00
Non-Gas Commodity Charge, all use, per therm:	$0.0662	$0.0335

Demand Charge per therm of daily contract demand as shown on Sheet 9a, as applicable to firm service customers, never less than 50 therms. T

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Released Capacity and Balancing Services Surcharge:

For all therms taken during a month in excess of the product of the daily contract demand times the number of days in the billing period an additional $0.0170 per therm shall be assessed and added to the Gas Commodity Charge shown on Sheet No. 9a.

Such surcharges collected will be credited to expense in the Company's Adjustment Clause filings.

One-Time Charges:

Application Charge: $50.00 with each request for service.

Telemetering (as required by Paragraph 12 on Sheet No. 5.4): Standard cost of telemetry, installation and hardware, including appropriate tax gross-up. Standard costs shall reflect actual costs and customers will be charged on a nondiscriminatory basis. C

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Minimum Monthly Bill:
The Customer Charge plus the amount for therms of contract demand.

Adjustment Clauses:

a. Adjustment Clause shall apply. (Sheet Nos. 9, 9.1, 9a, 9b)
b. Tax Adjustment Clause shall apply. (Sheet No. 10)
c. BTU Adjustment Clause shall apply. (Sheet Nos. 12, 12a)

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4. Surcharge Provision

During curtailment of service, upstream service providers may have available to the Company gas under a different and higher-priced rate than the cost of gas on which this rate is based. In addition, the Company may have propane peak shaving gas available. The surcharge rate per therm for propane peak shaving will be based on beginning of month average propane inventory cost in South Dakota. Should such higher-priced gas be available, the Company may offer it to customers served by this rate schedule with an appropriate surcharge to recover the Company's additional costs in lieu of curtailing service under this rate schedule. All surcharge gas charges collected will be in addition to the regular Commodity Charge for such gas. Costs collected will be credited to expense in the Company's Adjustment Clause filings.

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5. Curtailment of Service

Service, other than firm service, which is rendered under this rate schedule shall be subject to curtailment by the Company in accordance with the priority guidelines set forth in the Company's General Terms and Conditions, Section No. 5, Sheet No. 5.2. The Customer shall, as directed, curtail the use of natural gas in excess of firm contracted volumes upon two (2) hours notice by the Company, unless the notification is waived by the Customer. All unauthorized gas in excess of Contract Demand so used shall be "Penalty Gas" and be paid by the Customer at a rate which is the greater of $3.00 per therm or the maximum penalty charges permitted to be made by the Company's upstream service providers for takes of natural gas in excess of authorized limitations, in addition to the regular Commodity Charge for such gas. All Penalty Gas costs collected will be credited to expense in the Company's Adjustment Clause filings.

6. Gas Contracting Period

The gas contracting period will be November 1 – October 15 for the following November – April winter period. Grain Dryer Customers will be allowed to contract their October – December Supply. Gas contracts will be offered at least three different times, at the Company's Gas Supply Department's discretion. During such offering periods, the Company will designate the price at which gas can be obtained for the winter or grain drying period, and a customer may choose to contract for such price. C C T

7. True-Up Mechanism

Rate 86 customers will have their own over/under recovery true-up mechanism. The balances will be reviewed at the end of the winter contract period. The over/under recovered balance will be charged/paid on the July billing. Each customer's share of the balance will be based on that customer's November – April volume as compared to the total November – April volumes used by the rate 86 customer class. Customers choosing to leave the rate 86 tariff will be responsible for their pro rata share of the true-up balance at the time of their leaving rate 86 service. Grain Dryer customer's gas purchases will not contribute to the over/under true-up as they will be cashed out daily. The pricing of the cash out will be as defined in the Customer Balancing section of Rate No. 87, Paragraph 2 of section 3, sheet 6.4.

8. Other Provisions

Service will be furnished under the Company's General Terms and Conditions, as set forth in Section No. 5.

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9. Contract: Customer shall execute a written Service Request Form for transportation of customer-owned gas hereunder.

10. Minimum Term: The minimum term of the Service Request Form shall be one year. Should the Company file tariff changes or be ordered by the Commission to change this transportation tariff, Company will, at Customer's request, waive the one year minimum term and six month's notice of termination requirements. D

11. Filing: Transportation will not commence until the Customer files with the Company a completed Service Request Form and all other applicable documentation.

12. Metering: In order to utilize the services provided under this Tariff, automatic metering equipment is required for all customers with grain dryers. All costs related to telemetering and any other facilities constructed or installed to provide any Transportation Service will be charged to the Customer but will remain the property of Company. The Customer will be required to provide telephone or other interfaces agreed to by the Company and electric connections, if necessary, to the meter and provide access to the Company for maintaining and operating such equipment. C

13. Request for Service:

(a) Requests for service under this Tariff must be made by filing with the Company the information required on the form entitled "Service Request Form".

(b) Service under this Tariff will begin on the first of the month following a date which is thirty (30) days after the Service Request Form, and all additional information has been received by the Company. D

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14. **Successors and Assigns:** Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Customer shall be subject to the obligations of its predecessor in title under a Contract. No other assignment of a Contract or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to and under a Contract to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under a Contract and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of a Contract may occur.

15. **Return to Other Service Options:** Service is available under this Tariff at the Customer's option. If a Customer subsequently seeks to purchase system gas on a firm or interruptible basis, the Company shall grant such request only if, and to the extent that adequate System capacity, interstate transportation and supplies are available. The customer will be responsible for their pro rata share of the true-up balance. Customer has the option to make a one lump sum payment or pay through a surcharge over the following 12 months.

16. **Reference to Sales Tariff:** For all areas not addressed in this Tariff, such as Billing and Payments, the terms of the Service Rules and Regulations Section of the Company's sales tariff shall apply.