

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN ENERGY  
HURON  
SOUTH DAKOTA

Section No. 3  
3rd Revised Sheet No. 6.4  
Canceling 2nd Revised Sheet No. 6.4

**CLASS OF SERVICE: Gas Transportation Tariffs** **Rate No. 87**  
**RATE DESIGNATION: Customer Balancing**  
**(Cont.)**

**2. Cash Out of Commodity Imbalances:**

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On a monthly basis, the Customer will receive an Imbalance Statement from the Company which will show the daily quantities received by the Company on behalf of the Customer, Deliveries to the Customer's facilities and any Daily Imbalances resulting from the over or under delivery of gas.

(a) Commodity Imbalance Cash Out - In addition to the applicable over/under delivery charges, cumulative daily Positive or Negative Imbalances at a delivery point will be deemed to have been sold to or bought from the Company at the applicable Gas Daily index prices plus applicable interstate pipeline transportation fees. The Customer's imbalance will be subject to the index pricing point on the pipeline they are served by. The Company will establish the pricing index points and transportation used for each pipeline. The Company may change this index point at its discretion via the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission. Customers with multiple index pricing points will be cashed out at a weighted cost of the pipeline index points listed in the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission. A tiered level of Imbalance Cashout will be assessed when the Daily Imbalances are greater than 1,000 Dth. Imbalance volumes in excess of 1,000 but less than 2,500 Dth or 10% of scheduled volumes, whichever is greater, will be cashed out at 90% if long, or 110% if short, of applicable Gas Daily index prices plus applicable interstate pipeline transportation fees. Imbalance volumes in excess of 2,500 Dth or 25% of scheduled volumes, whichever is greater, will be cashed out at 50% if long, or 150%, if short, of applicable Gas Daily index prices plus applicable interstate pipeline transportation fees.

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(b) Waiver of Penalties - The Company may, at its discretion, in a non-discriminatory manner, waive its daily imbalance charges in the event of extraneous circumstances, beyond the customer's control, if the imbalance results in no detriment to other NorthWestern customers. Any imbalance charge paid by the Customer or waived by the Company, shall not be construed as giving the Customer the right to continue to create an imbalance on the system.

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Jeffrey Decker  
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NORTHWESTERN ENERGY  
HURON  
SOUTH DAKOTA

Section No. 3  
1<sup>st</sup> Revised Sheet No. 6.5A  
Canceling Original Sheet No. 6.5A

**CLASS OF SERVICE: Gas Transportation Tariffs** **Rate No. 87**  
**RATE DESIGNATION: Customer Balancing**

(Cont.)

- (e) Revenue Sharing – Over/Under Delivery Charges for Imbalances shall be credited to the sales customers via the Purchased Gas Cost Adjustment filing.
- (f) Waiver of Penalties – Regardless of Customer circumstances, the Company will not waive interstate pipeline imbalance charges that are incurred due to a customer imbalance. However, in the event of unanticipated, non-recurring conditions experienced by the Customer with their natural gas fueled equipment where the Customer as a result of problems with its natural gas fueled equipment was unable to use all quantities of gas confirmed for delivery (excluding changes in production levels by the Customer), or other extraneous circumstances beyond the customer’s control, the Company may, at its discretion, waive its daily imbalance charges for the gas day the condition initially occurred, if the imbalance results in no detriment to other NorthWestern customers.

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Any imbalance charge paid by the Customer or waived by the Company shall not be construed as giving the Customer the right to continue to create an imbalance on the system.

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**4. Optional Daily Balancing Service (DBS):**

- (a) Description - A Customer or Group Customer shall have the option to choose a Daily Balancing Service ("DBS"). This balancing service is not available to customers on critical or OFO days. This is a delivery point service providing balancing tolerance, on a reasonable efforts basis, above or below the Customer's Receipts without the incurrence of Daily Over/Under Delivery Charges. This service is available on a monthly basis. The Customer must notify the Company of its DBS quantity coincident with reporting gas nominations for the first day of the month. If a Customer also elects to enter a Group Balancing arrangement, the Customer's DBS quantity becomes available for use by the Group Customer. DBS does not affect the monthly Cash Out of Imbalances.

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