

Exhibit 1



**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

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**EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86**

Availability:

This service is applicable for transportation of natural gas to customer's premise (metered at a single delivery point), on an interruptible basis, through Company's distribution facilities in the following communities.

Agar	Glenham	Pierre
Bowdle	Ipswich	Roscoe
Ft. Pierre	Mobridge	Selby
Gettysburg	Onida	

In order to obtain transportation service, customer must meet the general terms and conditions of service provided hereunder and enter into a gas transportation agreement upon request by the Company.

Transportation service is available for all gas service customers whose interruptible natural gas service load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point. Customer's firm load must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 76. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

Rate:

Basic Service Charge: \$125.00 per month

Under Rate 86, customer shall pay a negotiated rate not more than the maximum rate or less than the minimum rate specified below. (The per dk charge is applicable to all dk of natural gas transported under the terms of this rate.)

Maximum Rate per dk \$2.598

Minimum Rate per dk \$0.050

Fuel Charge:

Applicable to all dk transported to customers located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effective charge.

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**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

GENERAL TERMS AND CONDITIONS:

1. **CRITERIA FOR SERVICE** – In order to receive the service, customer must qualify under the Company’s applicable natural gas transportation service rate and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company’s interconnection with the delivering pipeline(s).
2. **REQUEST FOR GAS TRANSPORTATION SERVICE:** To qualify for gas transportation service a customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company’s existing operating capacity permits.
3. **MULTIPLE SERVICES THROUGH ONE METER:**
 - a. In the event customer desires firm sales service in addition to gas transportation service, customer shall request such firm volume requirements, and upon approval by Company, such firm volume requirements shall be set forth in a firm service agreement. For billing purposes, the level of volumes so specified or the actual volume used, whichever is lower, shall be billed at Rate 76. Volumes delivered in excess of such firm volumes shall be billed at the applicable gas transportation rate. Customer has the option to install, at their expense, piping necessary for separate measurement of sales and transportation volumes.
 - b. The customer shall pay, in addition to charges specified in the applicable gas transportation rate schedule, charges under all other applicable rate schedules for any service in addition to that provided herein (irrespective of whether the customer receives only gas transportation service in any billing period).
4. **PRIORITY OF SERVICE** - Company shall have the right to curtail or interrupt deliveries beyond that of any agreed upon firm service without being required to give previous notice of intention to curtail or interrupt, whenever, in its judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.

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**EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86**

5. PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken above that received on the customer's behalf, shall be billed at the Firm General Gas Service Rate 76 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company. The Company may install automatic shut-off or curtailment equipment, at the customer's expense, to regulate the amount of gas customer may use at the time of curtailment or interruption.
6. NON-DELIVERED VOLUMES/PENALTY:
- a. In the event customer uses more gas than is being delivered to the Company's interconnection with the delivering pipeline(s) (receipt point), customer shall pay an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) resulting from such action by customer. In the event that more than one customer is obtaining gas from the same shipper and/or agent at the same receipt point, any payment or overrun penalties the Company is required to make shall be allocated on a pro rata basis among such customers on the basis of each customer's use of gas in excess of available volumes.
 - b. In the event the customer's gas is not being delivered to the receipt point for any reason and the customer continues to take gas, the customer shall be subject to any applicable penalties or charges set forth in Paragraph 6.a. Gas volumes supplied by Company will be billed at Firm General Service Rate 76 (distribution delivery charge and cost of gas). The Company is under no obligation to notify customer of non-delivered volumes.
 - c. In the event customer's transportation volumes are not available for any reason, Company may provide firm sales service if such service is available. The availability of firm sales service shall be determined at the sole discretion of the Company.

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**EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86**

- 7. **ELECTION OF SERVICE** - Prior to the initiation of service hereunder, the customer shall make an election of its requirements under each applicable rate schedule for the entire term of service. If mutually agreed to by the Company and customer, the term of service may be amended. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under the appropriate sales rate schedule for the customer's operations.
- 8. **RECONNECTION FEE** - Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a reconnection charge as specified in Rate 100, §V.18.
- 9. **DAILY IMBALANCE** - To the extent practicable, customer and Company agree to the daily balancing of volumes of gas received and delivered on a thermal basis. Such balancing is subject to the customer's request and the Company's discretion to vary scheduled receipts and deliveries within existing Company operating limitations.

In the event that the deviation between scheduled daily volumes and actual daily volumes of gas used by customer causes the Company to incur any additional costs from interconnecting pipelines(s), customer shall be solely responsible for all such penalties, fines, fees or costs incurred. If more than one customer has caused the Company to incur these additional costs, all costs will be prorated to each customer based on the customer's over- or under-take as a percentage of the total.

- 10. **MONTHLY IMBALANCE** –The customer's monthly imbalance is the difference between the amount of gas received by Company on customer's behalf and actual gas deliveries to customer. Monthly imbalances will not be carried forward to the next calendar month.
 - a. **Undertake Purchase Payment** – If the monthly imbalance is due to more gas delivered on customer's behalf than the actual volumes used, Company shall pay customer an Undertake Purchase Payment in accordance with the following schedule:

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**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

<u>% Monthly Imbalance</u>	<u>Undertake Purchase Rate</u>
0% - 5%	100% Cash-out Mechanism
> 5% and <= 10%	90% Cash-out Mechanism
> 10% and <= 15%	80% Cash-out Mechanism
> 15% and <= 20%	70% Cash-out Mechanism
> 20%	60% Cash-out Mechanism

(N)

Where the Cash-out Mechanism is equal to the lesser of the Company's WACOG or the Index Price, as defined in Paragraph 10(c).

- b. Overtake Charge – If the monthly imbalance is due to more gas actually used by the customer than volumes delivered on their behalf, Customer shall pay Company an Overtake Charge in accordance with the following schedule:

<u>% Monthly Imbalance</u>	<u>Overtake Charge Rate</u>
0% - 5%	100% Cash-out Mechanism
> 5% and <= 10%	110% Cash-out Mechanism
> 10% and <= 15%	120% Cash-out Mechanism
> 15% and <= 20%	130% Cash-out Mechanism
> 20%	140% Cash-out Mechanism

Where the Cash-out Mechanism is equal to the greater of the Company's WACOG or the Index Price, as defined in Paragraph 10(c).

- c. The Index Price shall be as reported in the first issue of the month of Delivery of Platts, Inside FERC's Gas Market Report in the table titled "Prices of Spot Gas Delivered to Pipelines-under the heading - Northern Natural Gas Co. – Ventura, Iowa". The Company's WACOG (Weighted Average Cost of Gas) includes the commodity cost of gas and applicable commodity related transportation and storage charges.

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**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

11. NOMINATION VARIANCE CHARGE - The customer shall pay, any payments the Company must make to its interconnecting pipeline(s), as a result of nomination variance penalties caused by customer's nomination variances. Such penalties will be allocated on the basis of each customer's contribution toward the nomination variance.

12. METERING REQUIREMENTS - Remote data acquisition equipment required by the Company for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal income taxes, shall be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated. The customer shall provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply or other power source acceptable to the Company and acceptable telephone service at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

13. DAILY NOMINATION REQUIREMENTS:
 - a. Customer or customer's shipper and/or agent shall advise Company's gas nominations center, by 11:30 a.m. Central Clock Time, of the dk requirements customer has requested to be delivered at each delivery point during the following day. Customer's daily nomination shall be its best estimate of the expected utilization for the gas day. Unless other arrangements are made, customer will be required to nominate for the non-business days involved prior to weekends and holidays.

 - b. All nominations should include shipper and/or agent defined begin and end dates. Shippers and/or agents may nominate for periods longer than 1 day, provided the nomination begin and end dates are within the term of the service agreement.

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**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

- c. The Company has the sole right to refuse receipt of any volumes which exceed the maximum daily contract quantity and at no time shall the Company be required to accept quantities of gas for a customer in excess of the quantities of gas to be delivered to customer. If total nominated receipts exceed total deliveries at receipt points where more than one customer is receiving service, nominations will be allocated on a pro rata basis. At no time shall Company have the responsibility to deliver gas in excess of customer's nomination.
 - d. In the event that more than one customer is receiving gas from the same shipper and/or agent at the same receipt point, any reduction in nominated volumes will be allocated on a pro rata basis, unless Company and shipper(s) and/or agent(s) have agreed to a predetermined allocation procedure.

- 14. **WARRANTY** - The customer, customer's agent, or customer's shipper warrants that it will have title to all gas it tenders or causes to be tendered to the Company, and such gas shall be free and clear of all liens and adverse claims and the customer, customer's agent, or customer's shipper shall indemnify the Company against all damages, costs, and expenses of any nature whatsoever arising from every claim against said gas.

- 15. **FACILITY EXTENSIONS** - If facilities are required in order to furnish gas transportation service, and those facilities are in addition to the facilities required to furnish firm gas service, the customer shall pay for those additional facilities and their installation in accordance with the Company's applicable natural gas extension policy. Company may remove such facilities when service hereunder is terminated.

- 16. **PAYMENT** - Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendment or alterations thereto.

- 17. **BILLING ERROR** - In the event an error is discovered in any bill that the Company renders to customer, such error shall be adjusted within a period not to exceed 6 months from the date the billing error is first discovered.

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**EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86**

- 18. AGREEMENT - Upon request of the Company, customer may be required to enter into an agreement for service hereunder.

- 19. RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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**State of South Dakota
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Section No. 6
 Original Sheet No. 25

EAST RIVER GAS TRANSPORTATION AGREEMENT

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EAST RIVER GAS TRANSPORTATION AGREEMENT

(N)

THIS AGREEMENT, made this ____ day of _____, 20____, is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, hereinafter called "Company", and _____ located at _____ hereinafter called "Customer".

Customer has entered into agreements to purchase natural gas and have that gas delivered to a "receipt point" using Shipper(s) as specified in attached Exhibit "A" as Shipper. Customer agrees to notify Company prior to any change in shipper(s) and further agrees to execute a new Exhibit "A" prior to change of event.

Customer and Company enter into this Gas Transportation Agreement to have said gas transported by Company from the "receipt point" to a "delivery point".

WITNESSETH: The parties hereto, each in consideration of the agreement of the other, agree as follows:

1.0 **TERM.** Transportation, deliveries and charges hereunder shall commence on _____ and expire on _____, and shall continue thereafter until either party furnishes the other party 30 days written notice of termination.

2.0 **RECEIPT POINT(S), DELIVERY POINT(S), RATE SCHEDULE(S), AND QUANTITIES.** Delivery of natural gas under East River Natural Gas System Transportation Service Rate 86, by Company to Customer shall be at or near the points whose locations and maximum delivery quantity per day are described as follows. In the event said "Term of Rate", as specified in attached Exhibit "B", is not executed by both parties to this agreement, Customer agrees to pay Company the currently approved ceiling rate as specified under "Rate Schedule" below. Said "Term of Rate" shall not be executed for periods of less than 30 days.

<u>Receipt Point</u>	<u>Delivery Point</u>	<u>Rate Schedule</u>	<u>Dk Maximum Delivery Point Quantity Per Day</u>
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2.1 **DISPATCHING** - Customer will adhere to gas dispatching policies and procedures established by Company to facilitate service under this Agreement. Company will inform Customer of any changes in dispatching policies that may affect this Agreement as they occur.

2.2 **METERING AND MEASUREMENT** - Company will meter the quantity of natural gas delivered to Customer at the delivery point. Company will test meter in accordance with applicable state utility rules and regulations. In addition, the parties agree to the following testing and corrective procedures:

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EAST RIVER GAS TRANSPORTATION AGREEMENT

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2.2.1 CUSTOMER'S METER - Customer may install, operate and maintain at its sole expense, equipment for the purpose of measuring the amount of natural gas delivered over any measurement period (Customer meter), provided the equipment shall not interfere with such delivery or with the Company's meter.

2.2.2 ALTERNATIVE MEANS OF MEASUREMENT - In the event the Company's meter is out of service, measurement shall be determined by the following step process beginning with step "a" below:

- a. Using the registration of the Customer's meter, if installed and accurately registering within two percent (2%) (either high or low); or
- b. In the absence of accurate Customer metering, by making a calibration test or mathematical calculation, if the percentage of error is ascertainable; or
- c. To the extent Customer's meter calibration test, or mathematical calculation described above cannot be utilized, by estimating by reference to quantities measured during periods under similar conditions when the Company's meter was registering accurately; or
- d. To the extent the methods described above cannot be utilized, by estimating by reference to Customer's operating records for the period in question.

2.2.3 TESTING - The accuracy of the Company's electronic measurement device and the integrity of the meter shall be tested and calibrated in the presence of the Customer at a minimum of once each year. In addition, flow testing and calibration of the meter shall be performed in compliance with established Company policy for large meters at a minimum of once each five years. Company shall forward a copy of calibration documentation to Customer. In the event that either party notifies the other that it desires a test of the accuracy of its own or of the other party's meter, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. Notice shall be addressed to Company's Gas Superintendent at Company's _____ Office and shall be in writing at least fourteen days in advance of said testing.

2.2.4 COSTS OF TESTING - Company shall bear the cost of the testing and any required adjustment of the Company's meter. In the event that Customer requests a testing of Company's meter at other than the specified intervals, Customer shall bear the cost of the testing unless such equipment is found to be inaccurate by greater than two percent (2%) (either high or low).

2.2.5 CORRECTIONS OF MEASURING EQUIPMENT - If, upon testing, the Company's meter is found to be accurate within two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by Company to Customer for the period since the last preceding test, previous recordings of such equipment shall be considered accurate in computing deliveries of natural gas hereunder, but Company meter shall be promptly adjusted to record correctly to the extent possible. If, upon testing, Company's meter shall be found to be inaccurate by greater than two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by company to customer for the period since the last preceding test, then such Company meter shall be promptly adjusted to record properly, to the extent possible, and any previous recordings by such Company meter shall be corrected to zero error, to the extent possible, and Company shall promptly send to Customer a report based on such corrected recordings and a revised invoice based on corrected readings within thirty days. If no reliable information exists as to when the Company meter became inaccurate, it shall be assumed for correction purposes hereunder that such inaccuracy began at a point in time midway between the testing date and the last previous date on which the Company meter was tested and found to be accurate or adjusted to be accurate.

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2.2.6 MAINTENANCE - Each party shall have the right to be present whenever the other party reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts its meter. Each party shall give timely notice to the other party in advance of taking any such actions. Notice shall be addressed to Company's Gas Superintendent at Company's _____ Office. Each party shall give at least 24 hours notice to the other party prior to undertaking the above-described activity.

2.2.7 CHARGES, PENALTIES, COSTS, OR EXPENSES - To the extent that any penalties are incurred by Customer as a result of the inaccuracy of Company's meter greater than two percent (2%) (either high or low), Company shall be responsible for such penalties.

2.2.8 ELECTRONIC MEASUREMENT EQUIPMENT - The Company's electronic measurement equipment, used as a remote terminal unit for system operations, is excluded from the requirements of Sections 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, and 2.2.7. The estimated cost of the installation of electronic measurement equipment in conjunction with this Agreement is PAID. Customer agrees to provide this amount to Company at the time this Agreement is returned to Company for execution by Company.

2.2.9 RECORD EXAMINATION - Customer shall have the right at all reasonable times to examine the books, records and charts of Company, for a two year period subsequent to the issuance in writing of a dispute invoice, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this agreement.

3.0 DEFINITIONS.

Delivery Point - The point at which Customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on Customer's premises.

Gas Day - Means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

Interruption - A suspension of transportation or retail natural gas service deemed necessary by Company.

Nomination - The daily volume, in dk, of natural gas requested by Customer for transportation and delivery to Customer at the delivery point over a 24 hour period commencing at 9:00 a.m. Central Clock Time each day.

Receipt Point - The intertie between Company and the interconnecting pipeline(s) at which point Company assumes custody of the gas being transported.

Shipper - The party with whom the pipeline has entered into a Service Agreement for transportation service.

4.0 RATE. The rates charged Customer shall be as specified in applicable Company tariffs as approved by the appropriate state utility regulatory agency.

The currently effective rates are attached hereto and made a part hereof. Company shall have the right to modify the rates charged and the terms and conditions hereunder by making unilateral rate filings with the appropriate regulatory agency.

4.1 FIRM NATURAL GAS REQUIREMENTS. Customer agrees to accept service hereunder in accordance with Company's Rate 76, as specified in Exhibit "C" of this Agreement for Customer's firm requirements delivered through Customer's interruptible meter(s).

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EAST RIVER GAS TRANSPORTATION AGREEMENT

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4.2 TAXES. In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company any sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.

4.3 REPLACEMENT OR SUPPLEMENTAL SALES SERVICE. Retail gas may be available at this location during the time that this Agreement is in force. Customer may request that Company provide retail gas sales pursuant to Rate Schedule _____. Service under such rate is subject to the availability of capacity on Company's system and prior demands of customers served under Company's general service gas rates.

5.0 ASSIGNMENT. Customer agrees that it will not assign this Agreement except upon written consent of Company.

6.0 INDEMNIFICATION. Customer agrees to indemnify and hold Company harmless from any and all injury, loss or damage resulting from Customer's negligent or wrongful acts under and during the term of this Agreement. Company agrees to indemnify and hold Customer harmless from any and all injury, loss or damage resulting from Company's negligent or wrongful acts under and during the term of this Agreement.

7.0 INGRESS AND EGRESS. Company is hereby granted rights of ingress and egress, at reasonable times, for operating, inspecting and maintaining any of Company's facilities on Customer's premises.

8.0 FORCE MAJEURE. In the event of either Party's being rendered wholly or in part by force majeure unable to carry out its obligations under this Agreement, then the obligations of the Parties hereto, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of Customer's gas are destroyed while in Company's possession by an event of force majeure, the obligations of the Parties under this Agreement shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either Customer or Company under this Agreement, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of Company's gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the Party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the Party having the dispute.

(N)

(N)

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 Director - Regulatory Affairs

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Montana-Dakota Utilities Co.
 A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 6
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EAST RIVER GAS TRANSPORTATION AGREEMENT

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The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this Agreement, when any such inability directly or indirectly contributes to or results in either Party's inability to perform its obligations.

9.0 REGULATORY AUTHORITY. This Agreement is subject to all valid laws, orders, rules and regulations of any and all duly constituted authorities having jurisdiction over the subject matter herein and is subject to the receipt of any necessary authorization for the transportation service contemplated herein.

10.0 REPORTING REQUIREMENTS. Customer shall furnish Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year above written.

CUSTOMER

COMPANY

MONTANA-DAKOTA UTILITIES CO.,
 A Division of MDU Resources Group, Inc.

By: _____
 *

By: _____
 Pat Darras
 Region Manager

Title: _____

Attest: _____
 *

Title: _____

* Please type or print the names below the signature lines.

(N)

(N)

ER Transportation Agreement

Date Filed: October 18, 2012

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Tariffs Reflecting Proposed Changes



**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

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**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
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**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

Availability:

This service is applicable for transportation of natural gas to customer's premise (metered at a single delivery point), on an interruptible basis, through Company's distribution facilities in the following communities.

<u>Agar</u>	<u>Glenham</u>	<u>Pierre</u>
<u>Bowdle</u>	<u>Ipswich</u>	<u>Roscoe</u>
<u>Ft. Pierre</u>	<u>Mobridge</u>	<u>Selby</u>
<u>Gettysburg</u>	<u>Onida</u>	

In order to obtain transportation service, customer must meet the general terms and conditions of service provided hereunder and enter into a gas transportation agreement upon request by the Company.

Transportation service is available for all gas service customers whose interruptible natural gas service load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point. Customer's firm load must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 76. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

Rate:

Basic Service Charge: \$125.00 per month

Under Rate 86, customer shall pay a negotiated rate not more than the maximum rate or less than the minimum rate specified below. (The per dk charge is applicable to all dk of natural gas transported under the terms of this rate.)

Maximum Rate per dk \$2.598

Minimum Rate per dk \$0.050

Fuel Charge:

Applicable to all dk transported to customers located within the distribution system. Charge does not apply to transmission level customers. See Rate Summary Sheet for currently effective charge.

(N)

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**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 3
 Original Sheet No. 27.1

**EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86**

GENERAL TERMS AND CONDITIONS:

1. CRITERIA FOR SERVICE – In order to receive the service, customer must qualify under the Company’s applicable natural gas transportation service rate and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company’s interconnection with the delivering pipeline(s).

2. REQUEST FOR GAS TRANSPORTATION SERVICE: To qualify for gas transportation service a customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company’s existing operating capacity permits.

3. MULTIPLE SERVICES THROUGH ONE METER:
 - a. In the event customer desires firm sales service in addition to gas transportation service, customer shall request such firm volume requirements, and upon approval by Company, such firm volume requirements shall be set forth in a firm service agreement. For billing purposes, the level of volumes so specified or the actual volume used, whichever is lower, shall be billed at Rate 76. Volumes delivered in excess of such firm volumes shall be billed at the applicable gas transportation rate. Customer has the option to install, at their expense, piping necessary for separate measurement of sales and transportation volumes.

 - b. The customer shall pay, in addition to charges specified in the applicable gas transportation rate schedule, charges under all other applicable rate schedules for any service in addition to that provided herein (irrespective of whether the customer receives only gas transportation service in any billing period).

- 4.4. PRIORITY OF SERVICE - Company shall have the right to curtail or interrupt deliveries beyond that of any agreed upon firm service without being required to give previous notice of intention to curtail or interrupt, whenever, in its judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.

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**State of South Dakota
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EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86

5. PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken above that received on the customer's behalf, shall be billed at the Firm General Gas Service Rate 76 (distribution delivery charge and cost of gas), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company. The Company may install automatic shut-off or curtailment equipment, at the customer's expense, to regulate the amount of gas customer may use at the time of curtailment or interruption.
6. NON-DELIVERED VOLUMES/PENALTY:
- a. In the event customer uses more gas than is being delivered to the Company's interconnection with the delivering pipeline(s) (receipt point), customer shall pay an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) resulting from such action by customer. In the event that more than one customer is obtaining gas from the same shipper and/or agent at the same receipt point, any payment or overrun penalties the Company is required to make shall be allocated on a pro rata basis among such customers on the basis of each customer's use of gas in excess of available volumes.
- b. In the event the customer's gas is not being delivered to the receipt point for any reason and the customer continues to take gas, the customer shall be subject to any applicable penalties or charges set forth in Paragraph 6.a. Gas volumes supplied by Company will be billed at Firm General Service Rate 76 (distribution delivery charge and cost of gas). The Company is under no obligation to notify customer of non-delivered volumes.
- b.c. In the event customer's transportation volumes are not available for any reason, Company may provide firm sales service if such service is available. The availability of firm sales service shall be determined at the sole discretion of the Company.

(N)

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**EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86**

7. ELECTION OF SERVICE - Prior to the initiation of service hereunder, the customer shall make an election of its requirements under each applicable rate schedule for the entire term of service. If mutually agreed to by the Company and customer, the term of service may be amended. Upon expiration of service, the customer may apply for and receive, at the sole discretion of the Company, gas service under the appropriate sales rate schedule for the customer's operations.

8. RECONNECTION FEE - Transportation customers who cease service and then resume service within the succeeding 12 months shall be subject to a reconnection charge as specified in Rate 100, §V.18.

9. DAILY IMBALANCE - To the extent practicable, customer and Company agree to the daily balancing of volumes of gas received and delivered on a thermal basis. Such balancing is subject to the customer's request and the Company's discretion to vary scheduled receipts and deliveries within existing Company operating limitations.

In the event that the deviation between scheduled daily volumes and actual daily volumes of gas used by customer causes the Company to incur any additional costs from interconnecting pipelines(s), customer shall be solely responsible for all such penalties, fines, fees or costs incurred. If more than one customer has caused the Company to incur these additional costs, all costs will be prorated to each customer based on the customer's over- or under-take as a percentage of the total.

10. MONTHLY IMBALANCE –The customer's monthly imbalance is the difference between the amount of gas received by Company on customer's behalf and actual gas deliveries to customer. Monthly imbalances will not be carried forward to the next calendar month.

a. Undertake Purchase Payment – If the monthly imbalance is due to more gas delivered on customer's behalf than the actual volumes used, Company shall pay customer an Undertake Purchase Payment in accordance with the following schedule:

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EAST RIVER NATURAL GAS SYSTEM
 TRANSPORTATION SERVICE RATE 86

<u>% Monthly Imbalance</u>	<u>Undertake Purchase Rate</u>
0% - 5%	100% Cash-out Mechanism
> 5% and <= 10%	90% Cash-out Mechanism
> 10% and <= 15%	80% Cash-out Mechanism
> 15% and <= 20%	70% Cash-out Mechanism
> 20%	60% Cash-out Mechanism

Where the Cash-out Mechanism is equal to the lesser of the Company's WACOG or the Index Price, as defined in Paragraph 10(c).

- b. Overtake Charge – If the monthly imbalance is due to more gas actually used by the customer than volumes delivered on their behalf, Customer shall pay Company an Overtake Charge in accordance with the following schedule:

<u>% Monthly Imbalance</u>	<u>Overtake Charge Rate</u>
0% - 5%	100% Cash-out Mechanism
> 5% and <= 10%	110% Cash-out Mechanism
> 10% and <= 15%	120% Cash-out Mechanism
> 15% and <= 20%	130% Cash-out Mechanism
> 20%	140% Cash-out Mechanism

Where the Cash-out Mechanism is equal to the greater of the Company's WACOG or the Index Price, as defined in Paragraph 10(c).

- b.c. The Index Price shall be as reported in the first issue of the month of Delivery of Platts, Inside FERC's Gas Market Report in the table titled "Prices of Spot Gas Delivered to Pipelines-under the heading - Northern Natural Gas Co. – Ventura, Iowa". The Company's WACOG (Weighted Average Cost of Gas) includes the commodity cost of gas and applicable commodity related transportation and storage charges.

(N)

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**State of South Dakota
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EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86

11. NOMINATION VARIANCE CHARGE - The customer shall pay, any payments the Company must make to its interconnecting pipeline(s), as a result of nomination variance penalties caused by customer's nomination variances. Such penalties will be allocated on the basis of each customer's contribution toward the nomination variance.

(N)

12. METERING REQUIREMENTS - Remote data acquisition equipment required by the Company for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder. The cost of the equipment and its installation shall be paid for by the customer. Such contribution in aid, as adjusted for federal income taxes, shall be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. Company may remove such equipment when service hereunder is terminated. The customer shall provide and maintain, at no cost to Company, a 120 volt, 15 ampere, AC power supply or other power source acceptable to the Company and acceptable telephone service at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure Company of a quality telephone signal necessary to properly transmit data. The customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

13. DAILY NOMINATION REQUIREMENTS:

a. Customer or customer's shipper and/or agent shall advise Company's gas nominations center, by 11:30 a.m. Central Clock Time, of the dk requirements customer has requested to be delivered at each delivery point during the following day. Customer's daily nomination shall be its best estimate of the expected utilization for the gas day. Unless other arrangements are made, customer will be required to nominate for the non-business days involved prior to weekends and holidays.

b. All nominations should include shipper and/or agent defined begin and end dates. Shippers and/or agents may nominate for periods longer than 1 day, provided the nomination begin and end dates are within the term of the service agreement.

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TRANSPORTATION SERVICE RATE 86

- c. The Company has the sole right to refuse receipt of any volumes which exceed the maximum daily contract quantity and at no time shall the Company be required to accept quantities of gas for a customer in excess of the quantities of gas to be delivered to customer. If total nominated receipts exceed total deliveries at receipt points where more than one customer is receiving service, nominations will be allocated on a pro rata basis. At no time shall Company have the responsibility to deliver gas in excess of customer's nomination.
- d. In the event that more than one customer is receiving gas from the same shipper and/or agent at the same receipt point, any reduction in nominated volumes will be allocated on a pro rata basis, unless Company and shipper(s) and/or agent(s) have agreed to a predetermined allocation procedure.
14. WARRANTY - The customer, customer's agent, or customer's shipper warrants that it will have title to all gas it tenders or causes to be tendered to the Company, and such gas shall be free and clear of all liens and adverse claims and the customer, customer's agent, or customer's shipper shall indemnify the Company against all damages, costs, and expenses of any nature whatsoever arising from every claim against said gas.
15. FACILITY EXTENSIONS - If facilities are required in order to furnish gas transportation service, and those facilities are in addition to the facilities required to furnish firm gas service, the customer shall pay for those additional facilities and their installation in accordance with the Company's applicable natural gas extension policy. Company may remove such facilities when service hereunder is terminated.
16. PAYMENT - Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendment or alterations thereto.
17. BILLING ERROR - In the event an error is discovered in any bill that the Company renders to customer, such error shall be adjusted within a period not to exceed 6 months from the date the billing error is first discovered.

(N)

(N)



Montana-Dakota Utilities Co.

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EAST RIVER NATURAL GAS SYSTEM
TRANSPORTATION SERVICE RATE 86

18. AGREEMENT - Upon request of the Company, customer may be required to enter into an agreement for service hereunder.

(N)

19. RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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