



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. 3

3rd Revised Sheet No. 22

Canceling 2nd Revised Sheet No. 22

TRANSPORTATION SERVICE Rates 81 and 82

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Availability:

This service is applicable for transportation of natural gas to customer's premise (metered at a single delivery point) through Company's distribution facilities. In order to obtain transportation service, customer must qualify under an applicable gas transportation service rate; meet the general terms and conditions of service provided hereunder; and enter into a gas transportation agreement upon request by the Company.

The transportation services are as follows:

Small Interruptible General Gas Transportation Service Rate 81:

Transportation service is available for all general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point whose average use of natural gas will not exceed 40,000 dk annually, and who, absent the request for transportation service, are eligible for natural gas service, on an interruptible basis, pursuant to Company's effective Small Interruptible General Gas Service Rate 71. Customer's firm natural gas requirements 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 70.

Large Interruptible General Gas Transportation Service Rate 82:

Transportation service is available for all general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point, whose average use of natural gas will exceed 40,000 dk annually, and who, absent the request for transportation service, are eligible for natural gas service on an interruptible basis, pursuant to Company's effective Large Interruptible General Gas Service Rate 85. Customer's firm natural gas requirements 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 70.

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Rate:

Basic Service Charge:

Rate 81 \$180.00 per month 1/

Rate 82 \$275.00 per month 2/

1/ In the event customer takes service through one meter under both Rates 71 and 81, the Basic Service Charge under Rate 81 shall be waived.

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2/ In the event customer takes service through one meter under both Rates 85 and 82, the Basic Service Charge under Rate 82 shall be waived.

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Under Rates 81 or 82 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.)

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.348	\$0.199
Minimum Rate per dk	\$0.047	\$0.036

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GENERAL TERMS AND CONDITIONS:

1. CRITERIA FOR SERVICE – In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates 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).

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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.

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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 70. 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 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.
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 70 (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

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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.

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| 6. | CUSTOMER USE OF NON-DELIVERED VOLUMES - 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 10.b. Gas volumes supplied by Company will be billed at Firm General Service Rate 70 (distribution delivery charge and cost of gas). The Company is under no obligation to notify customer of non-delivered volumes. | T

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| 7. | REPLACEMENT OR SUPPLEMENTAL SALES SERVICE - In the event customer's transportation volumes are not available for any reason, customer may take interruptible sales service if such service is available. The availability of interruptible sales service shall be determined at the sole discretion of the Company. | D
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| 8. | 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. | T |
| 9. | 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. | T |
| 10. | DAILY IMBALANCE:
a. 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. | T |

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- b. 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 pipeline(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 (excluding those associated with Company's firm deliveries) will be prorated to each customer based on the customer's over- or under-take as percentage of the total.
- c. The Company may waive any penalty associated with Company adjustments to end-use customer nominations in those instances where the Company, due to operating limitations, is required to adjust end-use transportation customer nominations and such Company adjustments create a penalty situation, or preclude a customer from correcting an imbalance which results in a penalty.
11. MONTHLY IMBALANCE – The customer's monthly imbalance is the difference between the amount of gas received by Company on customer's behalf and the customer's actually metered use. 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:

% Monthly Imbalance	Undertake Purchase Rate
0 – 5%	100% Cash-out Mechanism
> 5 – 10%	85% Cash-out Mechanism
> 10 – 15%	70% Cash-out Mechanism
> 15 – 20%	60% Cash-out Mechanism
> 20%	50% 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 11(c).

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- 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:

% Monthly Imbalance	Overtake Charge Rate
0 – 5%	100% Cash-in Mechanism
> 5 – 10%	115% Cash-in Mechanism
> 10 – 15%	130% Cash-in Mechanism
> 15 – 20%	140% Cash-in Mechanism
> 20%	150% Cash-in Mechanism

Where the Cash-in Mechanism is equal to the greater of the Company's WACOG or the Index Price, as defined in Paragraph 11(c).

- c. The Index Price shall be the arithmetic average of the "Weekly Weighted Averages Prices" published by Gas Daily for CIG Rockies and Northern Ventura during the given month. The Company's WACOG (Weighted Average Cost of Gas) includes the commodity cost of gas and applicable transportation charges including the fuel cost of transportation.

12. METERING REQUIREMENTS:

- a. Remote data acquisition equipment (telemetry equipment) required by the Company for a single customer installation for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder
- b. Customers may required, upon consultation with the Company, to contribute towards additional metering equipment necessary for daily measurement by the Company, depending on the location of the customer to the Company's network facilities. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the Customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.

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- c. Consultation between the customer and the Company regarding telemetering requirements shall occur prior to execution of the required service agreement. N
13. DAILY NOMINATION REQUIREMENTS: T
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- a. Customer or customer's shipper or agent shall advise the Company's Gas Supply Department, via the Company's Electronic Bulletin Board in accordance with FERC timelines, 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.
- 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. D
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- d. At no time shall the Company have the responsibility to deliver gas in excess of customer's nomination. T
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. T
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

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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.

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| 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. | T |
| 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. | T |
| 18. | AGREEMENT - Upon request of the Company, customer may be required to enter into an agreement for service hereunder. | T |
| 19. | RULES - The foregoing schedule is subject to Rates 100 through 140 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state. | TC |

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