South Dakota Intrastate Pipeline Company 1415 North Airport Road Pierre, SD 57501 SD P.U.C. Section 5 2<sup>nd</sup> Revised Sheet No. 1 Cancelling 1<sup>st</sup> Revised Sheet No. 1

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### **GENERAL TERMS AND CONDITIONS**

### 1. <u>Terms.</u>

- a) The term "<u>Allowable Daily Variation</u>" shall mean a maximum Daily Variation of twenty percent (20%) or 500 Dk, whichever is greater.
- b) The term "<u>Btu</u>" shall mean one British Thermal Unit.
- c) The term "<u>Daily Variation</u>" shall mean the difference between Shipper's scheduled Delivery Quantity and actual Delivery Quantity.
- d) The term "<u>Delivery Location</u>" shall mean the location where custody of gas is transferred from Transporter to Shipper.
- e) The term "<u>Delivery Quantity</u>" shall mean the quantity, in Dk, of Gas delivered to Transporter's interconnect with Shipper.
- f) The term "<u>Gas Day</u>" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock time.
- g) The term "<u>Dk</u>" shall mean the quantity of heat energy which is equivalent to 1,000,000 Btu. One Dk of gas means the quantity of gas which contains one dekatherm of heat energy. The total Dk are calculated by multiplying the gas volume in Mcf by its total Gross Heating Value, divided by 1,000.
- h) The term "<u>Force Majeure</u>" shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemy, wars, blockade, insurrection, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts; arrests, and restraints of the government, either federal or state, civil or military, civil disturbances; shutdowns for purposes of necessary repairs, relocation, or

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construction of facilities; breakage or accident to machines or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary by repairs or alterations to machinery or lines of pipe); failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary material, supplies, or permits, or labor to perform or comply with obligations, rights of way, and any other causes, whether of the kind herein enumerated or otherwise, which are not reasonably in control of Transporter.

- i) The term "<u>Gas</u>" shall mean natural gas, unmixed or any mixture of natural and artificial gas.
- j) The term "Gross Heating Value" shall mean the number of Btus produced by the complete combustion, at a constant pressure, of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of 60 degrees Fahrenheit on a dry basis and at a pressure of 14.73 psia with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion has been condensed to the liquid state.
- k) The term "Lost and Unaccounted Adjustment Percentage" or "L&U Percent" shall mean the difference between the sum of all input quantities of gas to the System and the sum of all output quantities of gas from the System, which difference shall include but shall not be limited to compressor fuel, and gas used and accounted for in pipeline operations, and gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified.
- The term "<u>L&U Adjustment Quantity</u>" or "<u>L&U Quantity</u>" shall mean the result of Receipt Quantity multiplied by L&U Percent.
- m) The term "<u>Mcf</u>" shall mean 1,000 cubic feet of gas determined in accordance with the measurement base described in Paragraph 7 hereof.

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- n) The term "<u>Month</u>" shall mean the period beginning at 9:00 a.m. Central Clock Time on the first day of a calendar month and ending at the same hour on the first day of the next succeeding month.
- o) The term "<u>Receipt Location</u>" shall mean the location where Transporter assumes custody of Gas from third party pipeline.
- p) The term "<u>Receipt Quantity</u>" shall mean the quantity, in Dk, of Gas received onto system from third party pipeline at Receipt Location.
- q) The term "<u>Scheduled Imbalance</u>" shall mean Gas nominated by Shipper to clear imbalance as described in Paragraph 10.
- r) The term "<u>SDPUC</u>" shall mean the South Dakota Public Utilities Commission or any commission, agency or other state governmental body succeeding to the powers of such commission.
- s) The term "<u>Shipper</u>" shall mean entity receiving transportation service.
- t) The term "<u>Transporter</u>" shall mean South Dakota Intrastate Pipeline Company.
- u) The term "<u>System</u>" shall mean the pipeline and related pipeline facilities at the time owned by Transporter.
- Quality Standards of Gas Received by Transporter. Transporter may refuse to accept gas which does not conform to the following Northern Border Pipeline Co. specifications or such specifications as revised from time to time. These specifications are:
  - The gas shall not contain sand, dust, gums, crude oil, impurities or other objectionable substances at a level which may be injurious to pipelines or may interfere with the transmission of gas.

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| b) | The gas shall have a hydrocarbon dew-point less than -5 degrees Fahrenheit at<br>800 psia, -10 degrees Fahrenheit at 1000 psia, or -18 degrees Fahrenheit at 1100<br>psia, or such higher dew-point approved by Transporter as, without treatment by<br>Transporter, may be compatible with the operating conditions of Transporter's<br>pipeline. | L<br>L<br>L/T<br>L/T<br>L |
|----|--|---------------------------|
| c) | The gas shall not contain more than 0.3 grains of hydrogen sulphide per 100 cubic feet.  | L<br>L                    |
| d) | The gas shall not contain more than 2 grains of total sulphur per 100 cubic feet.  | L                         |
| e) | The gas shall contain not more than three-tenths grains of mercaptan sulphur<br>per 100 cubic feet, or such higher content as, in Transporter's judgement, would<br>result in deliveries by Transporter to Shippers of Gas containing more than<br>three-tenths grains of mercaptan sulphur per 100 cubic feet.                                    | L<br>L/T<br>L/T<br>L      |
| f) | The gas shall not contain more than two percent by volume of carbon dioxide.   | L                         |
| g) | The gas shall not have a water vapor content in excess of four pounds per<br>thousand Mcf, unless Shipper delivers gas to Transporter at a higher water vapor<br>content.  | L<br>L/T<br>L             |
| h) | The gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than four-tenths of one percent by volume of oxygen.   | L<br>L<br>L               |
| i) | The gas shall have a gross heating value of not less than 967 Btu per cubic foot.  | L                         |
|    |  |                           |

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L/T 3. Quality Tests. At the Receipt Locations, Transporter shall cause tests to be made, by L approved standard methods in general use in the gas industry, to determine whether L the gas conforms to the quality specifications set out in paragraph two of this section. L/T Such tests shall be made at such intervals as Transporter may deem reasonable, and at L/T other times, but not more often than once per day, at the request of Shippers. L/T 4. Failure to Conform. If gas delivered by Shipper does not comply with the quality L/T specifications set out in paragraph two of this section hereof, Transporter shall have the Ł right, in addition to all other remedies available to it by law, to refuse to accept any such L/T gas. Transporter may, at its option and upon notice to Shippers, accept receipt of gas L/T not complying with the quality specifications set out in paragraph two of this section L/T herein provided. Transporter, at the expense of Shippers, may make all changes Ľ necessary to bring such gas into compliance with such specifications. No refusal to L/T accept gas in accordance with this paragraph four shall reduce Shipper's minimum L quantity obligations. L/T 5. Quality Standards of Gas Transported By Transporter. Transporter shall use reasonable L/T diligence to deliver gas for Shippers which shall meet the quality specifications set out in L/T paragraph two of this section hereof, but shall only be obligated to deliver gas of the L/T quality which results from the commingling of the gas received by Transporter from L/T Shippers except as Transporter may choose to do so pursuant to paragraph four hereof, L/T shall not be required to treat any gas delivered to it by Shippers. L/T 6. Odorant. Transporter will odorize the gas at the Receipt Point set forth in the L/T Transportation Agreements. Shippers(s) will provide information to Transporter L concerning the gas odorization level necessary to provide the acceptable odorant levels L/T to Shipper(s). L 7. Measurement Procedures. Quantities of gas received and delivered shall be measured in L accordance with Procedures contained in ANSI-API 2530, First Edition, AGA Committee L Report No. 5, AGA Committee Report No. 7, and AGA Committee Report No. 8, or L revisions or amendments thereto.

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- Measurement Unit for Billing Purposes. The measurement unit for billing purposes shall be in Dk.
- <u>Billing.</u> Transporter will bill each Shipper on a monthly basis. Shipper shall have the right to examine, at reasonable times, books, records, and charts of Transporter to the extent necessary to verify the accuracy of any statement, charge, or computation.
- 10. <u>Nominations.</u> Shipper shall request the receipt and delivery of Gas, by Transporter, through mutually agreeable means, in advance of each Gas Day. Each nomination should include the following information:
  - Shipper Name
  - Applicable Gas Day(s)
  - Receipt Location
  - Delivery Location
  - Receipt Quantity
  - L&U Adjustment Quantity
  - Final Delivery Quantity which shall be the Receipt Quantity minus L&U
    - Adjustment Quantity

If necessary, Transporter may curtail Shipper receipt pursuant to Paragraph 12 – Interruption Procedure. Transporter will determine and communicate all details of such curtailment events at least sixteen (16) hours in advance of the Gas Day, whereby allowing Shippers the opportunity to modify nominations and notify end-use customers of Gas availability.

11. <u>Operating Tolerances.</u> It is recognized that the parties will be unable to control exactly the quantities of gas delivered and accepted on any day, and that the actual quantities received by Transporter may vary above or below the actual quantities delivered on any day. Such variations shall be considered imbalances, shall be kept to the minimum permitted by operating conditions, and shall be balanced as soon as practicable, but unless otherwise agreed by Shipper and Transporter. When necessitated by adverse operating conditions, and to the extent necessary to alleviate such conditions, Transporter may require Shipper to provide or take delivery of gas to rectify an

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imbalance. Transporter may allow a greater variation, and/or may adjust receipts or deliveries of gas hereunder, if it determines that it can do so to achieve elimination of previous imbalances, through use of Scheduled Imbalance without adverse effect on Transporter's operations or its ability to meet all its other obligations, including lower priority service; provided, however, Transporter shall have the right to adjust flows to Shipper to keep actual flows within Allowable Daily Variation if Transporter deems such action necessary to protect the operational integrity to be delivery by email) as promptly as feasible if Transporter is unable to allow a variation as described in this section. Waiver of the Allowable Daily Variation by Transporter pursuant to this Section shall be done on a not unduly discriminatory basis. If a monthly allocation statement provided by Transporter to Shipper shows an imbalance owed to or by Transporter as of the end of the prior month, the parties shall adjust the receipts and deliveries of gas as soon as practicable, and without limitation to Transporter's rights set forth above, to balance any excess or delivery in order for Shipper to receive necessary quantities.

12. <u>Interruption Procedure.</u> Upon review of nominations and with consideration of present operating conditions, Transporter shall determine if enough transportation capacity is available to support nominations.

Priority of Service is established as the reverse order in which Shippers will be curtailed:

- i. Priority 3 represents the lowest priority of service and will experience curtailments prior to other priority levels. This priority applies to Scheduled Imbalance.
- Priority 2 represents the second lowest priority of service and will experience curtailments after priority 3 has been curtailed to 0% of nominations. This priority applies to Interruptible Transportation Service.
- iii. Priority 1 represents the highest priority of service and will not experience curtailments except in cases of Force Majeure. This priority applies to Firm Transportation Service.

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- 13. <u>Operational Notices.</u> Transporter shall initiate and maintain communication with all Shippers regarding changes in operating conditions that may result in a decrease in Transporter's ability to transport Gas. These operating conditions include, but are not limited to scheduled or unscheduled maintenance, and nominations exceeding transportation capacity.
- 14. <u>Penalty for Failure to Curtail or Interrupt.</u> If Shipper fails to curtail or interrupt its use of Gas when requested to do so, Shipper shall be billed at \$50 per Dk of gas in excess of the volume of gas to which Shipper was requested to curtail or interrupt. Ninety-percent of the revenues received by Transporter under this penalty provision shall be credit to Firm Transportation Service Shipper monthly. Transporter, in its sole discretion, may shut off end-use customers' supply of gas in the event of end-use customers' failure to curtail or interrupt use of gas when requested to do so.
- 15. <u>Force Majeure.</u> If by reason of force majeure Transporter is rendered unable, wholly or in part, to carry out its transportation obligations, and if Transporter gives notice and reasonable particulars of such force majeure in writing or by facsimile or telephone to Shipper as soon as possible after the occurrence of the cause relied on, Transporter shall not be liable in damages during the continuance of any inability to transport Gas. Such causes or contingencies affecting the performance by Transporter 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 within reasonable dispatch.
- 16. Lost & Unaccounted For Adjustment. Transporter shall calculate an L&U Percent on an annual basis to be filed with the SDPUC by November 1. The L&U Percent shall remain at the percentage last approved by SDPUC until such time as otherwise determined by N SDPUC, at which point the new L&U Percent will be effective January 1 of the following vear, or upon approval by the Commission. The percentage adjustment shall be used to determine the Final Delivery Quantity as described in Paragraph 10. The currently effective L&U Percent is 0.14%.

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- 17. <u>Responsibility for Gas.</u> Shipper shall be in exclusive control and possession of Gas until such has been delivered to Transporter at Receipt Location and after such Gas has been redelivered to Delivery Locations by Transporter. Transporter shall be in exclusive control and possession of such gas while same is in System. The party which shall be in exclusive control and possession of such gas shall be responsible for all injury or damage caused thereby.
- 18. <u>Hourly Variation</u>. Deliveries shall be made at uniform hourly rates to the extent practicable. Transporter's obligation to deliver shall not exceed 1/16th of Shipper's nominated Delivery Quantity.

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