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September 21, 2012

VIA ELECTRONIC FILING

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

Re: **Compliance Filing**

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota;
Docket No. G007,011/GR-10-977

Dear Dr. Haar:

Minnesota Energy Resources Corporation (MERC) submits this compliance filing as directed by the Minnesota Public Utilities Commission's (Commission's) July 13, 2012, Findings of Fact, Conclusions of Law, and Order in this matter (July 13, 2012, Order). MERC has assumed in this filing that the Commission will issue an order on this filing in November 2012, and final rates will be implemented on December 1, 2012. If additional time is required, MERC requests approval to implement final rates on the first day of the month following the Commission's order.

Under Minnesota Statute § 216B.27, subd. 3, MERC is required to commence interim rate refunds within 120 days from the Commission's final determination in this matter. MERC requests the Commission approve MERC's interim rate refund plan and allow MERC to commence interim rate refunds on February 1, 2013.

MERC provides the following information as directed in the Commission's July 13, 2012, Order:

Order Point 9(A):

At Order Point 9, the Commission ordered MERC to refund any incentive compensation costs included in the test year revenue requirement that are not paid in a particular year, but allowed MERC to track the annual amounts to be refunded and issue refunds only after they reach \$1 per customer. At Order Point 9(A), the Commission directed MERC to provide an explanation of how the \$1 per customer refund threshold would be implemented in the refund mechanism.

The customer refund filing will be done when the cumulative tracker year-end balance exceeds an average of \$1 per customer. No netting of years where the incentive payout is less than the authorized amount will occur with years where the payout is greater than the authorized amount. Please see calculation below. When the Annual refund to customers exceeds \$1.00, a per therm rate will be calculated by dividing Line 2 below, by the Minnesota jurisdictional therms approved in this Docket (683,768,889). This per therm rate will be credited to customer bills for 12 months.

Line	Description	Reference	Amount
1	2011 Authorized incentive payout	Docket No. G007,011/GR-10-977	\$1,308,121.00
	Executive and Non-Executive		
2	Actual cumulative underpayment of Incentive Payout	General Ledger	\$ 0.00
	Year End Numbers with no netting of years with over-payment		
3	Approved annual average customer count (all Minnesota customers)	Docket No. G007,011/GR-10-977	211,965
4	Annual refund to customer	Line 2 / Line 3	\$ 0.00

Order Point 10

At Order Point 10, the Commission required MERC to identify all non-qualified pension plan costs included in its filing and clearly show that all have been removed from the revenue requirement with the exception of the amount associated with the amortization of the regulatory asset created in Docket No. 06-1287.

As discussed on page 2 of MERC witness Ms. Christine Phillips Sur-Surrebuttal Testimony, MERC agreed to the removal of the non-qualified pension plan costs not associated with the amortization of the regulatory asset created in Docket No. 06-1287. This amount was removed from the revenue requirement as shown on MERC's financial position on page 5 of Sur-Surrebuttal Exhibit _____ (SSD-1).

Order Point 11(G):

At Order Point 11(G), the Commission required MERC to submit a proposal for implementing its Revenue Decoupling Mechanism (RDM) mid-year.

MERC's proposal for implementing its RDM mid-year is attached as Schedule H.

Order Points 11(H) and 11(B):

At Order Point 11(H) the Commission required MERC to submit revised revenue decoupling tariff language that incorporates all the Commission's decisions in this rate case. The Commission directed at Order Point 11(B) that MERC state in its RDM tariff that the Commission has the authority to modify or suspend the rates in the pilot decoupling program if warranted by unexpected circumstances.

MERC's revised revenue decoupling tariff is attached at Attachment C Sheets 7.17-7.19.

Order Points 12(A)-(I)

MERC submits the following schedules as directed by Order Points 12(A)-(I):

Schedule A – Financial Schedules

Schedule B – Revised Schedule of Rates

Schedule C – Redlined and Clean Tariff Sheets

Schedule D – Customer Notices

Schedule E – Revised Base Cost of Gas (“BCOG”) (filed June 15, 2011)

At page 3 – 31 of this schedule is the June 15, 2011, base cost of gas filing that included the sales forecast approved in this case. The PNG-NNG and MERC-NNG “Corp Sales Dth” sales volumes listed in the Demand Sales & Cost section of that June 15, 2011, BCOG filing were incorrect. Pages 1 – 2 in this schedule provide updated summary sheets to correct this error, which was caused by using an incorrect South Dakota (SD) sales volume (+300 Dths). Correction of the PNG-NNG and MERC-NNG sales volumes in the BCOG results in a MERC total Demand Sales volume of 26,614,535 Dths, which matches the MERC total Demand Sales volume used in the calculation of rates. Because of this correction the cost of gas is \$1,910 higher in the BCOG as compared to the cost of gas approved by the Commission. This \$1,910 amounts to a \$19 increase in rate base ($\$1,910/365 \text{ days} * 3.6 \text{ net lag days}$), and an increase in the revenue deficiency of \$2.53 ($\$19 * 7.8275\% \text{ ROR} * 1.704 \text{ GRR}$). MERC believes this change is insignificant and should not result in a change to any of the distribution rates. MERC includes this explanation for completeness.

Schedule F – CIP Tracker Balances & Conservation Cost Recovery Charge (CCRC) Calculation

In preparing this Schedule, MERC has included the three non-exempt CIP customers volumes erroneously excluded by MERC in its original petition. See Order Point 12(H).

As previously set forth in the record, in May 2011 MERC credited its 2011 NMU CIP tracker \$448,526 – the amount of uncollected CCRC revenue for the period January 2010 through May 2011. See S. DeMerritt Rebuttal Exhibit __ (SSD-6) at p. 4. MERC has also credited the 2012 NMU CIP tracker \$358,392 – the amount of uncollected CCRC revenue for the period July 2006 through December 2009, as directed by the Commission at page 38 of the July 13, 2012, Order. This credit is shown on Schedule F, page 3, line 4a. MERC has calculated this credit amount using the volumes and revenues reported in Department of Commerce, B. Minder Direct, Exhibit __ (BJM-6) at page 6 (attached for ease of reference to Schedule F).

MERC continues to credit the NMU CIP tracker amount for the sales associated with these customers on a monthly basis.

Schedule G – Interim Refund Plan

In preparing this Schedule, MERC has assumed that final rates will go into effect on December 1, 2012, and interim rates will be refunded beginning February 2012.

As MERC has explained in this Schedule, no conservation improvement revenues were collected during the interim rate period and therefore the Conservation Improvement Plan (CIP) tracker requires no CCRC credit. See Order Point 12(I).

During the course of this proceeding, MERC committed to working with interested parties to consider and develop additional cost-effective CIP programming as a result of the Commission's approval of its pilot decoupling program. MERC takes this opportunity to update the Commission on these efforts. MERC's CIP team met with Department of Commerce, Division of Energy Resources (Department) staff in June 2012 to review MERC's 2013-2015 Triennial Plan and discuss possible additional programming. MERC has also met with the Center for Energy and Environment, Isaac Walton League of America, Minnesota Center for Environmental Advocacy, and Clean Energy Resource Teams in this regard. MERC's 2013-2015 CIP Triennial Plan is currently under Department review and MERC has committed to filing a Modification Request once it has fully evaluated the ideas developed during these stakeholder meetings and identified appropriate supplemental programming.

Finally, MERC includes with this filing an issue separate from the compliance requirements set forth in the Commission's Order. MERC has identified the need to implement the consolidation of its Purchased Gas Adjustment (PGA) systems on a bill-rendered basis. MERC currently implements rate changes on a service-rendered basis. Because of billing system limitations, MERC is unable to simultaneously charge customers the cost of gas rates from their previous PGA rate and the new PGA rates. For purposes of the PGA consolidation, MERC therefore requests Commission authorization to implement the cost of a gas on a bill-rendered basis in July 2013. Attached Schedule I shows the average effect of a bill-rendered consolidation on customers by rate class. The effect of using a bill-rendered implementation on the average residential customer is less than \$0.50, and any over-recovery of gas costs will later be trued-up in the Company's Annual Automatic Adjustment (AAA) filing. The billing limitation identified here does not apply to or affect the Company's consolidation of its distribution rates.

If the parties or the Commission require additional time to analyze the effects of a bill-rendered PGA implementation, MERC requests the Commission proceed separately on this issue so that the final implementation of rates is not unduly delayed.

Please contact me at 612-340-2881 if you have any questions regarding this matter.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

Attachment A

MERC
 Revenue Requirements Summary
 Test Year Ending December 31, 2011

Line No.	Description	MERC's Filing	DOC Direct 5/3/2011	MERC's Rebuttal 6/2/2011	MERC's Surrebuttal 6/30/2011	MERC's Sur-surrebuttal Testimony 9/7/2011	MERC's Summary 11/23/2011	ALJ Proposed Order 4/2/2012	Commission Order 7/13/2012
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Average Rate Base	\$194,901,055	\$189,868,592	\$190,262,525	\$191,441,765	\$190,723,657	\$190,723,657	\$190,727,982	\$189,808,628
2	Rate of Return After Adjustments	8.6692%	7.7002%	8.4293%	8.4293%	8.3647%	8.3647%	7.6811%	7.8275%
3	Required Operating Income	\$16,896,362	\$14,620,261	\$16,037,799	\$16,137,201	\$15,953,462	\$15,953,462	\$14,650,072	\$14,857,270
4	Operating Income	\$7,996,533	\$7,632,373	\$7,230,531	\$6,978,351	\$7,074,481	\$7,152,143	\$8,386,919	\$8,374,115
5	Income Deficiency	\$8,899,829	\$6,987,888	\$8,807,268	\$9,158,850	\$8,878,981	\$8,801,319	\$6,263,153	\$6,483,155
6	Gross Revenue Conversion Factor	1.7040	1.7040	1.7040	1.7040	1.7040	1.7040	1.7040	1.7040
7	Gross Revenue Deficiency	\$15,165,309	\$11,907,362	\$15,007,584	\$15,606,681	\$15,129,783	\$14,997,447	\$10,672,412	\$11,047,296
8	Change from Petitioner's Filing		(\$3,257,947)	(\$157,725)	\$441,372	(\$35,526)	(\$167,862)	(\$4,492,897)	(\$4,118,013)

MERC
 Rate Base Summary
 Test Year Ending December 31, 2011

Line No.	Description	MERC Filing (a)	DOC Position (c)	MERC Rebuttal Position (e)	MERC Surrebuttal Position (g)	MERC Sur-surrebuttal Testimony (i)	MERC Post Hearing Position (k)	ALJ Proposed Order Position (m)	Commission Order (o)
PLANT IN SERVICE									
1	Production and Storage	\$1,464,864	\$1,411,188	\$1,411,188	\$1,411,188	\$1,411,188	\$1,411,188	\$1,411,188	\$1,411,188
2	Transmission	\$6,933,491	\$7,004,639	\$7,004,639	\$7,004,639	\$7,004,639	\$7,004,639	\$7,004,639	\$7,004,639
3	Distribution	\$328,732,335	\$327,053,294	\$327,053,294	\$327,053,294	\$327,053,294	\$327,053,294	\$327,053,294	\$327,053,294
4	Total Plant In Service	\$337,130,690	\$335,469,121	\$335,469,121	\$335,469,121	\$335,469,121	\$335,469,121	\$335,469,121	\$335,469,121
RESERVE FOR DEPRECIATION									
5	Production and Storage	\$462,677	\$447,732	\$447,732	\$447,732	\$447,732	\$447,732	\$447,732	\$447,732
6	Transmission	\$2,879,986	\$2,923,088	\$2,923,088	\$2,923,088	\$2,923,088	\$2,923,088	\$2,923,088	\$2,923,088
7	Distribution	\$148,684,791	\$147,599,538	\$147,599,538	\$147,599,538	\$147,599,538	\$147,599,538	\$147,599,538	\$147,599,538
8	Total Reserve For Depreciation	\$152,027,454	\$150,970,358	\$150,970,358	\$150,970,358	\$150,970,358	\$150,970,358	\$150,970,358	\$150,970,358
NET PLANT IN SERVICE									
9	Production and Storage	\$1,002,187	\$963,456	\$963,456	\$963,456	\$963,456	\$963,456	\$963,456	\$963,456
10	Transmission	\$4,053,505	\$4,081,551	\$4,081,551	\$4,081,551	\$4,081,551	\$4,081,551	\$4,081,551	\$4,081,551
11	Distribution	\$180,047,544	\$179,453,756	\$179,453,756	\$179,453,756	\$179,453,756	\$179,453,756	\$179,453,756	\$179,453,756
12	Total Net Plant In Service	\$185,103,236	\$184,498,763	\$184,498,763	\$184,498,763	\$184,498,763	\$184,498,763	\$184,498,763	\$184,498,763
13	Construction Work in Progress	\$0	\$0	\$914,193	\$914,193	\$914,193	\$914,193	\$915,869	\$0
14	LESS: Customer Advances	\$130,480	\$130,480	\$130,480	\$130,480	\$130,480	\$130,480	\$130,480	\$130,480
15	LESS: Accumulated Deferred Income	\$12,643,723	\$12,643,723	\$13,172,098	\$13,172,098	\$13,172,098	\$13,172,098	\$13,172,098	\$13,172,098
Working Capital:									
16	Cash Working Capital	(\$1,273,272)	(\$2,865,194)	(\$2,857,079)	(\$2,721,790)	(\$2,802,733)	(\$2,802,733)	(\$2,800,084)	(\$2,803,569)
17	Deferred Taxes Other than Plant, M&S	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)	(\$1,515,119)
18	Non-Utility Adjustment	\$2,348,528	\$2,348,528	\$2,348,528	\$2,348,528	\$2,348,528	\$2,348,528	\$2,348,528	\$2,348,528
19	Plant Adjustment	(\$13,907)	(\$13,907)	(\$13,907)	(\$13,907)	(\$13,907)	(\$13,907)	(\$13,907)	(\$13,907)
20	Total Working Capital	(\$453,770)	(\$2,045,692)	(\$2,037,577)	(\$1,902,288)	(\$1,983,231)	(\$1,983,231)	(\$1,980,582)	(\$1,984,067)
21	Materials and Supplies	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)	(\$1,217,291)
22	Gas Storage	\$14,878,509	\$11,798,136	\$11,798,136	\$12,842,087	\$12,842,087	\$12,842,087	\$12,842,087	\$12,842,087
23	Regulatory Assets/Liabilities	\$9,364,574	\$9,608,879	\$9,608,879	\$9,608,879	\$8,971,714	\$8,971,714	\$8,971,714	\$8,971,714
24	Subtotal	\$23,025,792	\$20,189,724	\$20,189,724	\$21,233,675	\$20,596,510	\$20,596,510	\$20,596,510	\$20,596,510
25	TOTAL AVERAGE RATE BASE	\$194,901,055	\$189,868,592	\$190,262,525	\$191,441,765	\$190,723,657	\$190,723,657	\$190,727,982	\$189,808,628

MERC
 Operating Income Summary
 Test Year Ending December 31, 2011

Line No.	Description	MERC Filing (a)	DOC Position (c)	MERC Rebuttal Position (e)	MERC Surrebuttal Position (g)	MERC Sur-surrebuttal Testimony (i)	MERC Post Hearing Position (k)	ALJ Proposed Order (m)	Commission Order (o)
UTILITY OPERATING REVENUES									
1	Natural Gas Revenue	\$292,743,403	\$249,750,161	\$249,750,161	\$261,512,459	\$261,487,527	261,512,459	263,405,945	263,405,945
2	Late Payment Revenue	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000	1,005,000	1,005,000	1,005,000
3	Other Revenue	\$314,700	\$314,700	\$314,700	\$314,700	\$314,700	314,700	314,700	314,700
4	Total Operating Revenues	<u>\$294,063,103</u>	<u>\$251,069,861</u>	<u>\$251,069,861</u>	<u>\$262,832,159</u>	<u>\$262,807,227</u>	<u>\$262,832,159</u>	<u>\$264,725,645</u>	<u>\$264,725,645</u>
UTILITY EXPENSES									
5	Cost of Gas	\$215,065,515	\$173,508,345	\$173,508,345	\$185,725,253	\$185,725,253	185,725,253	185,725,253	185,725,253
6	Production	\$15,535	\$17,288	\$17,288	\$17,288	\$17,288	17,288	17,288	17,288
7	Gas Supply	\$676,264	\$735,883	\$735,883	\$735,883	\$735,883	735,883	735,883	735,883
8	Transmission	\$22,375	\$52,851	\$52,851	\$52,851	\$52,851	52,851	52,851	52,851
9	Distribution	\$14,537,915	\$13,495,501	\$13,495,501	\$13,495,501	\$13,495,501	13,495,501	13,495,501	13,495,501
10	Customer Accounts	\$12,683,156	\$11,191,558	\$11,244,314	\$11,244,314	\$11,359,670	11,306,940	11,350,358	11,350,358
11	Customer Services	\$781,795	\$792,674	\$792,674	\$792,674	\$792,674	792,674	792,674	792,674
12	Sales	\$0	\$0	\$0	\$0	\$0	0	0	0
13	Administrative & General	\$15,953,282	\$16,381,179	\$16,970,368	\$16,970,368	\$16,564,385	16,564,385	16,249,165	16,249,165
14	Subtotal Operating Expenses	<u>\$259,735,837</u>	<u>\$216,175,279</u>	<u>\$216,817,224</u>	<u>\$229,034,132</u>	<u>\$228,743,505</u>	<u>\$228,690,775</u>	<u>\$228,418,973</u>	<u>\$228,418,973</u>
15	Depreciation	\$10,200,512	\$10,164,714	\$10,164,714	\$10,164,714	\$10,164,714	10,164,714	10,164,714	10,164,714
16	Amortization	\$8,829,624	\$8,829,624	\$8,856,622	\$8,856,622	\$8,856,622	8,856,622	8,856,622	8,856,622
17	Taxes Other Than Income	\$5,836,058	\$6,952,636	\$6,952,636	\$6,952,636	\$6,952,636	6,952,636	6,952,636	6,952,636
18	Subtotal	<u>\$24,866,194</u>	<u>\$25,946,974</u>	<u>\$25,973,972</u>	<u>\$25,973,972</u>	<u>\$25,973,972</u>	<u>\$25,973,972</u>	<u>\$25,973,972</u>	<u>\$25,973,972</u>
19	Federal Income Taxes 31.602%	\$1,214,351	\$1,052,086	\$840,687	\$697,021	\$780,986	780,986	1,489,803	1,489,803
20	State Income Taxes 9.708%	\$252,002	\$202,155	\$137,214	\$93,081	\$118,874	118,874	336,620	336,620
21	Michigan State Tax	\$605	\$605	\$605	\$605	\$605	605	605	605
22	Subtotal Income Taxes	<u>\$1,466,958</u>	<u>\$1,254,846</u>	<u>\$978,506</u>	<u>\$790,706</u>	<u>\$900,465</u>	<u>\$900,465</u>	<u>\$1,827,028</u>	<u>\$1,827,028</u>
23	Tax Effect of Interest Synchronization	(\$2,419)	\$60,389	\$69,628	\$54,998	\$114,804	114,804	120,430	131,558
24	Total Income Taxes	<u>\$1,464,539</u>	<u>\$1,315,235</u>	<u>\$1,048,134</u>	<u>\$845,705</u>	<u>\$1,015,269</u>	<u>\$1,015,269</u>	<u>\$1,947,458</u>	<u>\$1,958,586</u>
25	Total Operating Expenses	<u>\$286,066,570</u>	<u>\$243,437,488</u>	<u>\$243,839,330</u>	<u>\$255,853,808</u>	<u>\$255,732,746</u>	<u>\$255,680,016</u>	<u>\$256,340,402</u>	<u>\$256,351,530</u>
26	AFUDC	\$0	\$0	\$0	\$0	\$0	\$0	\$1,676	0
27	Adjusted Net Operating Income	<u>\$7,996,533</u>	<u>\$7,632,373</u>	<u>\$7,230,531</u>	<u>\$6,978,351</u>	<u>\$7,074,481</u>	<u>\$7,152,143</u>	<u>\$8,386,919</u>	<u>\$8,374,115</u>

MERC
Capital Structure
Test Year Ending December 31, 2011
ALJ Proposed Order

<u>Description</u>	<u>Percent Capital</u>	<u>Cost Rate %</u>	<u>Weighted Cost Capital</u>	<u>Weighted Cost Debt</u>
Long-Term Debt	44.60%	6.5526%	2.9224%	5.9008%
Short-Term Debt	4.93%	0.1833%	0.0090%	0.0009%
Adjusted Common Equity	50.48%	9.7000%	4.8961%	
Total Capital	<u>100.00%</u>		<u>7.8275%</u>	<u>5.9017%</u>

Attachment B

2011 MERC Gas Rate Design - CONSOLIDATED

MERC Customer Class	Bill Counts	Annual Usage (Therms)	Unbilled Usage (Therms)	Daily Firm Capacity (Therms)	PG&C Revenues (\$)	Revenues Proposed (\$)	Gas Cost (\$/Therm)	Gas Cost (\$/Therm)	Customer Count	Annual Usage (Therms)	Monthly Usage (Therms)	Monthly DFC (Therms)
NNG SALES												
GS-1 Residential Sales	1,743,972	131,441,161				125,267,198	\$0.64271	\$0.64271	145,331	904	75	0
GS-1 SC&I Sales	74,170	5,906,382				5,965,713	\$0.64271	\$0.64271	6,181	956	80	0
GS-1 LC&I Sales	95,665	63,951,796				55,238,123	\$0.64271	\$0.64271	7,972	8,022	669	0
SVI-1 Sales	4,290	14,035,379				8,787,529	\$0.47378	\$0.47378	358	39,260	3,272	0
LVI-1 Town Plant Sales	595	6,178,315				3,251,729	\$0.47378	\$0.47378	50	124,605	10,384	0
LVI-1 Mainline Sales	48	217,460				119,187	\$0.47378	\$0.47378	4	54,365	4,530	0
SVJ-1 Sales	36	163,455		11,400		102,867	\$0.47378	\$0.47378	3	54,485	4,540	317
VIKING SALES												
GS-4 Residential Sales	46,963	3,058,391				2,744,574	\$0.56933	\$0.56933	3,914	781	65	0
GS-4 SC&I Sales	3,624	241,553				234,819	\$0.56933	\$0.56933	302	800	67	0
GS-4 LC&I Sales	4,763	2,376,516				1,920,598	\$0.56933	\$0.56933	397	5,987	499	0
SVI-4 Sales	254	834,524				513,904	\$0.46368	\$0.46368	21	39,426	3,286	0
LVI-4 Sales	12	1,118,616				560,692	\$0.46368	\$0.46368	1	1,118,616	93,218	0
SVJ-4 Sales	60	113,912		4,360		74,950	\$0.46368	\$0.46368	5	22,782	1,899	73
GREAT LAKES SALES												
GS-5 Residential Sales	61,793	4,306,465				3,700,010	\$0.53967	\$0.53967	5,149	836	70	0
GS-5 SC&I Sales	5,271	470,404				417,435	\$0.53967	\$0.53967	439	1,071	89	0
GS-5 LC&I Sales	6,357	3,900,394				2,985,339	\$0.53967	\$0.53967	530	7,363	614	0
SVI-5 Sales	72	184,000				115,520	\$0.46266	\$0.46266	6	30,667	2,556	0
SVJ-5 Sales	72	270,381		37,680		173,348	\$0.46266	\$0.46266	6	45,064	3,755	523
NMU CONSOLIDATED SALES												
GS-NMU Consolidated Residential Sales	235,497	15,633,893				14,646,102	\$0.61124	\$0.61124	19,625	797	66	0
GS-NMU Consolidated SC&I Sales	18,604	1,449,911				1,424,604	\$0.61124	\$0.61124	1,550	935	78	0
GS-NMU Consolidated LC&I Sales	23,473	11,761,166				9,994,335	\$0.61124	\$0.61124	1,956	6,013	501	0
SVI-NMU Consolidated Sales	914	4,797,984				2,916,568	\$0.47283	\$0.47283	76	62,995	5,250	0
LVI-NMU Consolidated Town Plant Sales	140	4,190,907				2,155,535	\$0.47283	\$0.47283	12	360,442	30,037	0
NMU NNG SALES												
GS-NMU NNG Residential Sales	190,277	13,770,503				12,754,664	\$0.61124	\$0.61124	15,856	868	72	0
GS-NMU NNG SC&I Sales	8,872	830,542				790,156	\$0.61124	\$0.61124	739	1,123	94	0
GS-NMU NNG LC&I Sales	14,751	7,046,266				6,011,797	\$0.61124	\$0.61124	1,229	5,732	478	0
SVI-NMU NNG Sales	675	3,960,092				2,395,335	\$0.47283	\$0.47283	56	70,399	5,867	0
LVI-NMU NNG Town Plant Sales	77	1,112,404				579,227	\$0.47283	\$0.47283	6	172,300	14,358	0
NNG TRANSPORT												
SVI-1 Transport	60	1,941,256							5	388,251	32,354	0
LVI-1 Town Plant Transport	526	39,047,167							44	890,810	74,234	0
LVI-1 Mainline Transport	36	804,734							3	268,245	22,354	0
SVJ-1 Transport	71	731,682		38,140					6	123,665	10,305	537
LVI-1 Town Plant Transport	538	52,805,802		910,390					45	1,177,825	98,152	1,692
SLVI-1 Transport-CIP Exempt	180	118,520,312							15	7,901,354	658,446	0
SLVI-1 Transport-CIP Applicable	12	2,466,316							1	2,466,316	205,526	0
SLVJ-1 Transport-CIP Applicable	24	41,289,215		4,094,400					2	20,644,808	1,720,384	170,600
Transport for Resale	12	279,903							1	279,903	23,325	0
LVI-1 Mainline Flex Transport (Cust "A")	12	5,609,474		87,500					1	5,609,474	467,456	7,292
LVI-1 Town Plant Flex Transport (Cust "B")	12	19,777,919							1	19,777,919	1,648,160	0
LVI-1 Town Plant Flex Transport (Cust "C")	6	6,773,937							1	13,547,874	1,128,990	0
LVI-1 Town Plant Flex Transport (Cust "D")	6	9,905,389							1	19,810,778	1,650,898	0
LVI-1 Town Plant Flex Transport (Cust "E")	12	8,940,431		72,000					1	8,940,431	745,036	6,000
LVI-1 Town Plant Flex Transport (Cust "F")	36	4,462,062		61,000					3	1,487,354	123,946	1,694
VIKING TRANSPORT												
SVI-4 Transport	48	241,094							4	60,274	5,023	0
SVJ-4 Transport	24	161,245		12,000					2	80,623	6,719	500
LVJ-4 Transport	48	1,014,636		99,000					4	253,659	21,138	2,063
GREAT LAKES TRANSPORT												
LVI-5 Town Plant Transport	12	448,051							1	448,051	37,338	0
LVI-5 Town Plant Transport	12	1,093,495		600					1	1,093,495	91,125	50
SVI-5 Transport	48	385,082							4	96,271	8,023	0
NBPL TRANSPORT												
LVI-1 Town Plant Flex Transport (Cust "G")	36	3,315,245							3	1,105,082	92,090	0
NMU CONSOLIDATED TRANSPORT												
SVI-NMU Consolidated Transport	36	784,506							3	262,544	21,879	0
LVI-NMU Consolidated Town Plant Transport	111	11,154,299							9	1,204,646	100,387	0
LVI-NMU Consolidated Mainline Transport									0	0	0	0
SVJ-NMU Consolidated Transport	76	1,469,122		161,588					6	231,053	19,254	2,118
LVJ-NMU Consolidated Town Plant Transport	65	3,001,805		87,220					5	555,890	46,324	1,346
SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	100	6,591,025							8	790,923	65,910	0
SLVI-NMU Consolidated Town Plant Transport-CIP Applicable	24	36,744,719							2	18,372,360	1,531,030	0
NMU NNG TRANSPORT												
SVI-NMU NNG Transport	25	549,953							2	262,478	21,873	0
LVI-NMU NNG Town Plant Transport	29	29,892							2	12,417	1,035	0
LVI-NMU NNG Mainline Transport									0	0	0	0
SVJ-NMU NNG Transport	35	73,410		15,012					3	25,387	2,116	433
LVJ-NMU NNG Town Plant Transport	14	32,939		0					1	27,836	2,320	0
SLVI-NMU NNG Town Plant Transport-CIP Exempt									0	0	0	0
GS												
Interruptible	2,534,052	266,145,343	0	0	0	244,095,466			211,170			
Joint	7,077	36,629,681	0	0	0	21,395,226			590			
Interruptible Transport	168	547,748	0	53,440	0	351,165			14			
Joint Transport	1,319	259,760,799	0	0	0	0			107			
	967	120,685,318	0	5,638,850	0	0			80			
Total	2,543,583	683,768,889	0	5,692,290	0	265,841,857			211,961			

MINNESOTA ENERGY RESOURCES CORPORATION
RATES BY CUSTOMER CLASS
CURRENTLY AUTHORIZED MONTHLY FIXED CHARGES, DAILY FIRM CAPACITY CHARGES, AND PER THERM DISTRIBUTION RATES

MERC Customer Class	Fixed Local Distribution Service (Monthly)	Enhanced Administration Service (Monthly)	Total Fixed Charge (Monthly)	Daily Firm Capacity (Per Therm of Demand)	Volumetric Local Distribution Service (All Therms)	Gas Supply Acquisition Service (All Therms)	Total Per Therm Rate (All Therms)
NNG SALES							
GS-1 Residential Sales	\$7.25		\$7.25		0.17746		\$0.17746
GS-1 SC&I Sales	\$12.00		\$12.00		0.15022		\$0.15022
GS-1 LC&I Sales	\$17.00		\$17.00		0.14984		\$0.14984
SVI-1 Sales	\$80.00		\$80.00		0.11681		\$0.11681
LVI-1 Town Plant Sales	\$160.00		\$160.00		0.03248		\$0.03248
LVI-1 Mainline Sales	\$160.00		\$160.00		0.03248		\$0.03248
SVJ-1 Sales	\$80.00		\$80.00	0.18000	0.11681		\$0.11681
VIKING SALES							
GS-4 Residential Sales	\$7.25		\$7.25		0.17746		\$0.17746
GS-4 SC&I Sales	\$12.00		\$12.00		0.15022		\$0.15022
GS-4 LC&I Sales	\$17.00		\$17.00		0.14984		\$0.14984
SVI-4 Sales	\$80.00		\$80.00		0.11681		\$0.11681
LVI-4 Sales	\$160.00		\$160.00		0.03248		\$0.03248
SVJ-4 Sales	\$80.00		\$80.00	0.18000	0.11681		\$0.11681
GREAT LAKES SALES							
GS-5 Residential Sales	\$7.25		\$7.25		0.17746		\$0.17746
GS-5 SC&I Sales	\$12.00		\$12.00		0.15022		\$0.15022
GS-5 LC&I Sales	\$17.00		\$17.00		0.14984		\$0.14984
SVI-5 Sales	\$80.00		\$80.00		0.11681		\$0.11681
SVJ-5 Sales	\$80.00		\$80.00	0.18000	0.11681		\$0.11681
NMU CONSOLIDATED SALES							
GS-NMU Consolidated Residential Sales	\$7.25		\$7.25		0.21759		\$0.21759
GS-NMU Consolidated SC&I Sales	\$12.00		\$12.00		0.18564		\$0.18564
GS-NMU Consolidated LC&I Sales	\$17.00		\$17.00		0.19660		\$0.19660
SVI-NMU Consolidated Sales	\$80.00		\$80.00		0.09560		\$0.09560
LVI-NMU Consolidated Town Plant Sales	\$160.00		\$160.00		0.02846		\$0.02846
NMU NNG SALES							
GS-NMU NNG Residential Sales	\$7.25		\$7.25		0.21759		\$0.21759
GS-NMU NNG SC&I Sales	\$12.00		\$12.00		0.18564		\$0.18564
GS-NMU NNG LC&I Sales	\$17.00		\$17.00		0.19660		\$0.19660
SVI-NMU NNG Sales	\$80.00		\$80.00		0.09560		\$0.09560
LVI-NMU NNG Town Plant Sales	\$160.00		\$160.00		0.02846		\$0.02846
NNG TRANSPORT							
SVI-1 Transport	\$80.00	\$170.00	\$250.00		0.11681		\$0.11681
LVI-1 Town Plant Transport	\$160.00	\$170.00	\$330.00		0.03248		\$0.03248
LVI-1 Mainline Transport	\$100.00	\$170.00	\$270.00		0.03248		\$0.03248
SVJ-1 Transport	\$80.00	\$170.00	\$250.00	0.18000	0.11681		\$0.11681
LVJ-1 Town Plant Transport	\$160.00	\$170.00	\$330.00	0.14000	0.03248		\$0.03248
SLVI-1 Transport-CIP Exempt	\$160.00	\$170.00	\$330.00		0.00420		\$0.00420
SLVI-1 Transport-CIP Applicable	\$160.00	\$170.00	\$330.00		0.00420		\$0.00420
SLVJ-1 Transport-CIP Applicable	\$160.00	\$170.00	\$330.00	0.06200	0.00420		\$0.00420
Transport for Resale	\$160.00	\$170.00	\$330.00		0.07200		\$0.07200
LVJ-1 Mainline Flex Transport (Cust "A")	\$100.00	\$170.00	\$270.00	0.14000	0.00400		\$0.00400
LVI-1 Town Plant Flex Transport (Cust "B")	\$160.00	\$170.00	\$330.00		0.00500		\$0.00500
LVI-1 Town Plant Flex Transport (Cust "C")	\$160.00	\$170.00	\$330.00		0.00700		\$0.00700
LVI-1 Town Plant Flex Transport (Cust "D")	\$160.00	\$170.00	\$330.00		0.01500		\$0.01500
LVJ-1 Town Plant Flex Transport (Cust "E")	\$160.00	\$170.00	\$330.00	0.14000	0.01500		\$0.01500
LVJ-1 Town Plant Flex Transport (Cust "F")	\$160.00	\$170.00	\$330.00	0.14000	0.00900		\$0.00900
VIKING TRANSPORT							
SVI-4 Transport	\$80.00	\$170.00	\$250.00		0.11681		\$0.11681
SVJ-4 Transport	\$80.00	\$170.00	\$250.00	0.18000	0.11681		\$0.11681
LVJ-4 Transport	\$160.00	\$170.00	\$330.00	0.14000	0.03248		\$0.03248
GREAT LAKES TRANSPORT							
LVI-5 Town Plant Transport	\$160.00	\$170.00	\$330.00		\$0.03248		\$0.03248
LVJ-5 Town Plant Transport	\$160.00	\$170.00	\$330.00	0.14000	\$0.03248		\$0.03248
SVI-5 Transport	\$80.00	\$170.00	\$250.00		\$0.11681		\$0.11681
NBPL TRANSPORT							
LVI-1 Town Plant Flex Transport (Cust "G")	\$160.00	\$170.00	\$330.00		0.01500		\$0.01500
NMU CONSOLIDATED TRANSPORT							
SVI-NMU Consolidated Transport	\$80.00	\$170.00	\$250.00		0.09560		\$0.09560
LVI-NMU Consolidated Town Plant Transport	\$160.00	\$170.00	\$330.00		0.02846		\$0.02846
LVI-NMU Consolidated Mainline Transport	\$160.00	\$170.00	\$330.00		0.01024		\$0.01024
SVJ-NMU Consolidated Transport	\$80.00	\$170.00	\$250.00	0.18000	0.09560		\$0.09560
LVJ-NMU Consolidated Town Plant Transport	\$160.00	\$170.00	\$330.00	0.14000	0.02846		\$0.02846
SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	\$160.00	\$170.00	\$330.00		0.00850		\$0.00850
SLVI-NMU Consolidated Town Plant Transport-CIP Applicable	\$160.00	\$170.00	\$330.00		0.00850		\$0.00850
NMU NNG TRANSPORT							
SVI-NMU NNG Transport	\$80.00	\$170.00	\$250.00		0.09560		\$0.09560
LVI-NMU NNG Town Plant Transport	\$160.00	\$170.00	\$330.00		0.02846		\$0.02846
LVI-NMU NNG Mainline Transport	\$160.00	\$170.00	\$330.00		0.01024		\$0.01024
SVJ-NMU NNG Transport	\$80.00	\$170.00	\$250.00	0.18000	0.09560		\$0.09560
LVJ-NMU NNG Town Plant Transport	\$160.00	\$170.00	\$330.00	0.14000	0.02846		\$0.02846
SLVI-NMU NNG Town Plant Transport-CIP Exempt	\$160.00	\$170.00	\$330.00		0.00850		\$0.00850

MINNESOTA ENERGY RESOURCES CORPORATION
 RATES BY CUSTOMER CLASS
 PROPOSED MONTHLY FIXED CHARGES, DAILY FIRM CAPACITY CHARGES, AND PER THERM DISTRIBUTION RATES

MERC Customer Class	Fixed Local Distribution Service (Monthly)	Enhanced Administration Service (Monthly)	Total Fixed Charge (Monthly)	Daily Firm Capacity (Per Therm of Demand)	Volumetric Local Distribution Service (All Therms)	Gas Supply Acquisition Service (All Therms)	Total Per Therm Rate (All Therms)
NNG SALES							
GS-1 Residential Sales	\$8.50		\$8.50		\$ 0.19754		\$0.19754
GS-1 SC&I Sales	\$14.50		\$14.50		\$ 0.18525		\$0.18525
GS-1 LC&I Sales	\$35.00		\$35.00		\$ 0.16868		\$0.16868
SVI-1 Sales	\$150.00		\$150.00		\$ 0.10647		\$0.10647
LVI-1 Town Plant Sales	\$175.00		\$175.00		\$ 0.03568		\$0.03568
LVI-1 Mainline Sales	\$175.00		\$175.00		\$ 0.03568		\$0.03568
SVJ-1 Sales	\$150.00		\$150.00	\$0.23000	\$ 0.10647		\$0.10647
VIKING SALES							
GS-4 Residential Sales	\$8.50		\$8.50		\$ 0.19754		\$0.19754
GS-4 SC&I Sales	\$14.50		\$14.50		\$ 0.18525		\$0.18525
GS-4 LC&I Sales	\$35.00		\$35.00		\$ 0.16868		\$0.16868
SVI-4 Sales	\$150.00		\$150.00		\$ 0.10647		\$0.10647
LVI-4 Sales	\$175.00		\$175.00		\$ 0.03568		\$0.03568
SVJ-4 Sales	\$150.00		\$150.00	\$0.23000	\$ 0.10647		\$0.10647
GREAT LAKES SALES							
GS-5 Residential Sales	\$8.50		\$8.50		\$ 0.19754		\$0.19754
GS-5 SC&I Sales	\$14.50		\$14.50		\$ 0.18525		\$0.18525
GS-5 LC&I Sales	\$35.00		\$35.00		\$ 0.16868		\$0.16868
SVI-5 Sales	\$150.00		\$150.00		\$ 0.10647		\$0.10647
SVJ-5 Sales	\$150.00		\$150.00	\$0.23000	\$ 0.10647		\$0.10647
NMU CONSOLIDATED SALES							
GS-NMU Consolidated Residential Sales	\$8.50		\$8.50		\$ 0.19754		\$0.19754
GS-NMU Consolidated SC&I Sales	\$14.50		\$14.50		\$ 0.18525		\$0.18525
GS-NMU Consolidated LC&I Sales	\$35.00		\$35.00		\$ 0.16868		\$0.16868
SVI-NMU Consolidated Sales	\$150.00		\$150.00		\$ 0.10647		\$0.10647
LVI-NMU Consolidated Town Plant Sales	\$175.00		\$175.00		\$ 0.03568		\$0.03568
NMU NNG SALES							
GS-NMU NNG Residential Sales	\$8.50		\$8.50		\$ 0.19754		\$0.19754
GS-NMU NNG SC&I Sales	\$14.50		\$14.50		\$ 0.18525		\$0.18525
GS-NMU NNG LC&I Sales	\$35.00		\$35.00		\$ 0.16868		\$0.16868
SVI-NMU NNG Sales	\$150.00		\$150.00		\$ 0.10647		\$0.10647
LVI-NMU NNG Town Plant Sales	\$175.00		\$175.00		\$ 0.03568		\$0.03568
NNG TRANSPORT							
SVI-1 Transport	\$150.00	\$70.00	\$220.00		\$ 0.10647		\$0.10647
LVI-1 Town Plant Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
LVI-1 Mainline Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
SVJ-1 Transport	\$150.00	\$70.00	\$220.00	\$0.23000	\$ 0.10647		\$0.10647
LVJ-1 Town Plant Transport	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.03568		\$0.03568
SLVI-1 Transport-CIP Exempt	\$300.00	\$70.00	\$370.00	\$0.06200	\$ 0.00420		\$0.00420
SLVI-1 Transport-CIP Applicable	\$300.00	\$70.00	\$370.00	\$0.06200	\$ 0.01933		\$0.01933
SLVJ-1 Transport-CIP Applicable	\$300.00	\$70.00	\$370.00	\$0.06200	\$ 0.01933		\$0.01933
Transport for Resale	\$175.00	\$70.00	\$245.00		\$ 0.07200		\$0.07200
LVJ-1 Mainline Flex Transport (Cust "A")	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.00450		\$0.00450
LVI-1 Town Plant Flex Transport (Cust "B")	\$175.00	\$70.00	\$245.00		\$ 0.00500		\$0.00500
LVI-1 Town Plant Flex Transport (Cust "C")	\$175.00	\$70.00	\$245.00		\$ 0.00700		\$0.00700
LVI-1 Town Plant Flex Transport (Cust "D")	\$175.00	\$70.00	\$245.00		\$ 0.01500		\$0.01500
LVJ-1 Town Plant Flex Transport (Cust "E")	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.01500		\$0.01500
LVJ-1 Town Plant Flex Transport (Cust "F")	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.00900		\$0.00900
VIKING TRANSPORT							
SVI-4 Transport	\$150.00	\$70.00	\$220.00		\$ 0.10647		\$0.10647
SVJ-4 Transport	\$150.00	\$70.00	\$220.00	\$0.23000	\$ 0.10647		\$0.10647
LVJ-4 Transport	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.03568		\$0.03568
GREAT LAKES TRANSPORT							
LVI-5 Town Plant Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
LVJ-5 Town Plant Transport	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.03568		\$0.03568
SVI-5 Transport	\$150.00	\$70.00	\$220.00		\$ 0.10647		\$0.10647
NBPL TRANSPORT							
LVI-1 Town Plant Flex Transport (Cust "G")	\$175.00	\$70.00	\$245.00		\$ 0.01500		\$0.01500
NMU CONSOLIDATED TRANSPORT							
SVI-NMU Consolidated Transport	\$150.00	\$70.00	\$220.00		\$ 0.10647		\$0.10647
LVI-NMU Consolidated Town Plant Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
LVI-NMU Consolidated Mainline Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
SVJ-NMU Consolidated Transport	\$150.00	\$70.00	\$220.00	\$0.23000	\$ 0.10647		\$0.10647
LVJ-NMU Consolidated Town Plant Transport	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.03568		\$0.03568
SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	\$300.00	\$70.00	\$370.00		\$ 0.00850		\$0.00850
SLVI-NMU Consolidated Town Plant Transport-CIP Applicable	\$300.00	\$70.00	\$370.00		\$ 0.02363		\$0.02363
NMU NNG TRANSPORT							
SVI-NMU NNG Transport	\$150.00	\$70.00	\$220.00		\$ 0.10647		\$0.10647
LVI-NMU NNG Town Plant Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
LVI-NMU NNG Mainline Transport	\$175.00	\$70.00	\$245.00		\$ 0.03568		\$0.03568
SVJ-NMU NNG Transport	\$150.00	\$70.00	\$220.00	\$0.23000	\$ 0.10647		\$0.10647
LVJ-NMU NNG Town Plant Transport	\$175.00	\$70.00	\$245.00	\$0.23000	\$ 0.03568		\$0.03568
SLVI-NMU NNG Town Plant Transport-CIP Exempt	\$300.00	\$70.00	\$370.00		\$ 0.00850		\$0.00850

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF CURRENTLY AUTHORIZED & PROPOSED MONTHLY FIXED CHARGES AND DAILY FIRM CAPACITY CHARGES

MERC Customer Class	Fixed Local		Enhanced		Total Monthly		Daily Firm Capacity	
	Distribution	Service	Administration	Service	Fixed Charge		Current	Proposed
	Current	Proposed	Current	Proposed	Current	Proposed		
NNG SALES								
GS-1 Residential Sales	\$7.25	\$8.50			\$7.25	\$8.50		
GS-1 SC&I Sales	\$12.00	\$14.50			\$12.00	\$14.50		
GS-1 LC&I Sales	\$17.00	\$35.00			\$17.00	\$35.00		
SVI-1 Sales	\$80.00	\$150.00			\$80.00	\$150.00		
LVI-1 Town Plant Sales	\$160.00	\$175.00			\$160.00	\$175.00		
LVI-1 Mainline Sales	\$160.00	\$175.00			\$160.00	\$175.00		
SVJ-1 Sales	\$80.00	\$150.00			\$80.00	\$150.00	\$0.1800	\$0.2300
VIKING SALES								
GS-4 Residential Sales	\$7.25	\$8.50			\$7.25	\$8.50		
GS-4 SC&I Sales	\$12.00	\$14.50			\$12.00	\$14.50		
GS-4 LC&I Sales	\$17.00	\$35.00			\$17.00	\$35.00		
SVI-4 Sales	\$80.00	\$150.00			\$80.00	\$150.00		
LVI-4 Sales	\$160.00	\$175.00			\$160.00	\$175.00		
SVJ-4 Sales	\$80.00	\$150.00			\$80.00	\$150.00	\$0.1800	\$0.2300
GREAT LAKES SALES								
GS-5 Residential Sales	\$7.25	\$8.50			\$7.25	\$8.50		
GS-5 SC&I Sales	\$12.00	\$14.50			\$12.00	\$14.50		
GS-5 LC&I Sales	\$17.00	\$35.00			\$17.00	\$35.00		
SVI-5 Sales	\$80.00	\$150.00			\$80.00	\$150.00		
SVJ-5 Sales	\$80.00	\$150.00			\$80.00	\$150.00	\$0.1800	\$0.2300
NMU CONSOLIDATED SALES								
GS-NMU Consolidated Residential Sales	\$7.25	\$8.50			\$7.25	\$8.50		
GS-NMU Consolidated SC&I Sales	\$12.00	\$14.50			\$12.00	\$14.50		
GS-NMU Consolidated LC&I Sales	\$17.00	\$35.00			\$17.00	\$35.00		
SVI-NMU Consolidated Sales	\$80.00	\$150.00			\$80.00	\$150.00		
LVI-NMU Consolidated Town Plant Sales	\$160.00	\$175.00			\$160.00	\$175.00		
NMU NNG SALES								
GS-NMU NNG Residential Sales	\$7.25	\$8.50			\$7.25	\$8.50		
GS-NMU NNG SC&I Sales	\$12.00	\$14.50			\$12.00	\$14.50		
GS-NMU NNG LC&I Sales	\$17.00	\$35.00			\$17.00	\$35.00		
SVI-NMU NNG Sales	\$80.00	\$150.00			\$80.00	\$150.00		
LVI-NMU NNG Town Plant Sales	\$160.00	\$175.00			\$160.00	\$175.00		
NNG TRANSPORT								
SVI-1 Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00		
LVI-1 Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVI-1 Mainline Transport	\$100.00	\$175.00	\$170.00	\$70.00	\$270.00	\$245.00		
SVJ-1 Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00	\$0.1800	\$0.2300
LVJ-1 Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00	\$0.1400	\$0.2300
SLVI-1 Transport-CIP Exempt	\$160.00	\$300.00	\$170.00	\$70.00	\$330.00	\$370.00		
SLVI-1 Transport-CIP Applicable	\$160.00	\$300.00	\$170.00	\$70.00	\$330.00	\$370.00		
SLVJ-1 Transport-CIP Applicable	\$160.00	\$300.00	\$170.00	\$70.00	\$330.00	\$370.00	\$0.0620	\$0.0620
Transport for Resale	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVJ-1 Mainline Flex Transport (Cust "A")	\$100.00	\$175.00	\$170.00	\$70.00	\$270.00	\$245.00	\$0.1400	\$0.2300
LVI-1 Town Plant Flex Transport (Cust "B")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVI-1 Town Plant Flex Transport (Cust "C")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVI-1 Town Plant Flex Transport (Cust "D")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVJ-1 Town Plant Flex Transport (Cust "E")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00	\$0.1400	\$0.2300
LVJ-1 Town Plant Flex Transport (Cust "F")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
VIKING TRANSPORT								
SVI-4 Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00		
SVJ-4 Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00	\$0.1800	\$0.2300
LVJ-4 Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
GREAT LAKES TRANSPORT								
LVI-5 Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
LVJ-5 Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00	\$0.1400	\$0.2300
SVI-5 Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00		
NBPL TRANSPORT								
LVI-1 Town Plant Flex Transport (Cust "G")	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
NMU CONSOLIDATED TRANSPORT								
SVI-NMU Consolidated Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00		
LVI-NMU Consolidated Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
SVJ-NMU Consolidated Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00	\$0.1800	\$0.2300
LVJ-NMU Consolidated Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00	\$0.1400	\$0.2300
SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$370.00		
SLVI-NMU Consolidated Town Plant Transport-CIP Applicable	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$370.00		
NMU NNG TRANSPORT								
SVI-NMU NNG Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00		
LVI-NMU NNG Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00		
SVJ-NMU NNG Transport	\$80.00	\$150.00	\$170.00	\$70.00	\$250.00	\$220.00	\$0.1800	\$0.2300
LVJ-NMU NNG Town Plant Transport	\$160.00	\$175.00	\$170.00	\$70.00	\$330.00	\$245.00	\$0.1400	\$0.2300
SLVI-NMU NNG Town Plant Transport-CIP Exempt	\$160.00	\$300.00	\$170.00	\$70.00	\$330.00	\$370.00		

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF CURRENTLY AUTHORIZED & PROPOSED PER THERM RATES

MERC Customer Class	Volumetric Local Distribution Service		Gas Supply Acquisition Service		Total Per Therm Rate	
	Current	Proposed	Current	Proposed	Current	Proposed
NNG SALES						
GS-1 Residential Sales	0.17746	0.19754	0.00000	0.00000	0.17746	0.19754
GS-1 SC&I Sales	0.15022	0.18525	0.00000	0.00000	0.15022	0.18525
GS-1 LC&I Sales	0.14984	0.16868	0.00000	0.00000	0.14984	0.16868
SVI-1 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
LVI-1 Town Plant Sales	0.03248	0.03568	0.00000	0.00000	0.03248	0.03568
LVI-1 Mainline Sales	0.03248	0.03568	0.00000	0.00000	0.03248	0.03568
SVJ-1 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
VIKING SALES						
GS-4 Residential Sales	0.17746	0.19754	0.00000	0.00000	0.17746	0.19754
GS-4 SC&I Sales	0.15022	0.18525	0.00000	0.00000	0.15022	0.18525
GS-4 LC&I Sales	0.14984	0.16868	0.00000	0.00000	0.14984	0.16868
SVI-4 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
LVI-4 Sales	0.03248	0.03568	0.00000	0.00000	0.03248	0.03568
SVJ-4 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
GREAT LAKES SALES						
GS-5 Residential Sales	0.17746	0.19754	0.00000	0.00000	0.17746	0.19754
GS-5 SC&I Sales	0.15022	0.18525	0.00000	0.00000	0.15022	0.18525
GS-5 LC&I Sales	0.14984	0.16868	0.00000	0.00000	0.14984	0.16868
SVI-5 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
SVJ-5 Sales	0.11681	0.10647	0.00000	0.00000	0.11681	0.10647
NMU CONSOLIDATED SALES						
GS-NMU Consolidated Residential Sales	0.21759	0.19754	0.00000	0.00000	0.21759	0.19754
GS-NMU Consolidated SC&I Sales	0.18564	0.18525	0.00000	0.00000	0.18564	0.18525
GS-NMU Consolidated LC&I Sales	0.19660	0.16868	0.00000	0.00000	0.19660	0.16868
SVI-NMU Consolidated Sales	0.09560	0.10647	0.00000	0.00000	0.09560	0.10647
LVI-NMU Consolidated Town Plant Sales	0.02846	0.03568	0.00000	0.00000	0.02846	0.03568
NMU NNG SALES						
GS-NMU NNG Residential Sales	0.21759	0.19754	0.00000	0.00000	0.21759	0.19754
GS-NMU NNG SC&I Sales	0.18564	0.18525	0.00000	0.00000	0.18564	0.18525
GS-NMU NNG LC&I Sales	0.19660	0.16868	0.00000	0.00000	0.19660	0.16868
SVI-NMU NNG Sales	0.09560	0.10647	0.00000	0.00000	0.09560	0.10647
LVI-NMU NNG Town Plant Sales	0.02846	0.03568	0.00000	0.00000	0.02846	0.03568
NNG TRANSPORT						
SVI-1 Transport	0.11681	0.10647			0.11681	0.10647
LVI-1 Town Plant Transport	0.03248	0.03568			0.03248	0.03568
LVI-1 Mainline Transport	0.03248	0.03568			0.03248	0.03568
SVJ-1 Transport	0.11681	0.10647			0.11681	0.10647
LVJ-1 Town Plant Transport	0.03248	0.03568			0.03248	0.03568
SLVI-1 Transport-CIP Exempt	0.00420	0.00420			0.00420	0.00420
SLVI-1 Transport-CIP Applicable	0.00420	0.01959			0.00420	0.01959
SLVJ-1 Transport-CIP Applicable	0.00420	0.01933			0.00420	0.01933
Transport for Resale	0.07200	0.07200			0.07200	0.07200
LVJ-1 Mainline Flex Transport (Cust "A")	0.00400	0.00450			0.00400	0.00450
LVI-1 Town Plant Flex Transport (Cust "B")	0.00500	0.00500			0.00500	0.00500
LVI-1 Town Plant Flex Transport (Cust "C")	0.00700	0.00700			0.00700	0.00700
LVI-1 Town Plant Flex Transport (Cust "D")	0.01500	0.01500			0.01500	0.01500
LVJ-1 Town Plant Flex Transport (Cust "E")	0.01500	0.01500			0.01500	0.01500
LVJ-1 Town Plant Flex Transport (Cust "F")	0.00900	0.00900			0.00900	0.00900
VIKING TRANSPORT						
SVI-4 Transport	0.11681	0.10647			0.11681	0.10647
SVJ-4 Transport	0.11681	0.10647			0.11681	0.10647
LVJ-4 Transport	0.03248	0.03568			0.03248	0.03568
GREAT LAKES TRANSPORT						
LVI-5 Town Plant Transport	0.03248	0.03568			0.03248	0.03568
LVJ-5 Town Plant Transport	0.03248	0.03568			0.03248	0.03568
SVI-5 Transport	0.11681	0.10647			0.11681	0.10647
NBPL TRANSPORT						
LVI-1 Town Plant Flex Transport (Cust "G")	0.01500	0.01500			0.01500	0.01500
NMU CONSOLIDATED TRANSPORT						
SVI-NMU Consolidated Transport	0.09560	0.10647			0.09560	0.10647
LVI-NMU Consolidated Town Plant Transport	0.02846	0.03568			0.02846	0.03568
SVJ-NMU Consolidated Transport	0.09560	0.10647			0.09560	0.10647
LVJ-NMU Consolidated Town Plant Transport	0.02846	0.03568			0.02846	0.03568
SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	0.00850	0.00850			0.00850	0.00850
SLVI-NMU Consolidated Town Plant Transport-CIP Applicable	0.00850	0.02389			0.00850	.0238'9
NMU NNG TRANSPORT						
SVI-NMU NNG Transport	0.09560	0.10647			0.09560	0.10647
LVI-NMU NNG Town Plant Transport	0.02846	0.03568			0.02846	0.03568
SVJ-NMU NNG Transport	0.09560	0.10647			0.09560	0.10647
LVJ-NMU NNG Town Plant Transport	0.02846	0.03568			0.02846	0.03568
SLVI-NMU NNG Town Plant Transport-CIP Exempt	0.00850	0.00850			0.00850	0.00850

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %	MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %
NNG SALES					NNG TRANSPORT				
GS-1 Residential Sales	\$120,447,894	\$125,267,198	\$4,819,304	4.0%	SVI-1 Transport	\$241,758	\$219,886	(\$21,873)	-9.0%
GS-1 SC&I Sales	\$5,573,387	\$5,965,713	\$392,326	7.0%	LVI-1 Town Plant Transport	\$1,441,832	\$1,522,073	\$80,241	5.6%
GS-1 LC&I Sales	\$52,311,301	\$55,238,123	\$2,926,822	5.6%	LVI-1 Mainline Transport	\$35,858	\$37,533	\$1,675	4.7%
SVI-1 Sales	\$8,632,354	\$8,787,529	\$155,174	1.8%	SVJ-1 Transport	\$110,083	\$102,294	(\$7,789)	-7.1%
LVI-1 Town Plant Sales	\$3,223,034	\$3,251,729	\$28,696	0.9%	LVJ-1 Town Plant Transport	\$2,020,127	\$2,225,311	\$205,184	10.2%
LVI-1 Mainline Sales	\$117,771	\$119,187	\$1,416	1.2%	SLVI-1 Transport-CIP Exempt	\$567,185	\$564,385	\$7,200	1.3%
SVJ-1 Sales	\$101,467	\$102,867	\$1,400	1.4%	SLVI-1 Transport-CIP Applicable	\$14,319	\$52,114	\$37,795	264.0%
VIKING SALES					VIKING TRANSPORT				
GS-4 Residential Sales	\$2,624,458	\$2,744,574	\$120,116	4.6%	SLVJ-1 Transport-CIP Applicable	\$435,188	\$1,060,853	\$625,666	143.8%
GS-4 SC&I Sales	\$217,297	\$234,819	\$17,522	8.1%	Transport for Resale	\$24,113	\$23,093	(\$1,020)	-4.2%
GS-4 LC&I Sales	\$1,790,090	\$1,920,598	\$130,508	7.3%	LVJ-1 Mainline Flex Transport (Cust "A")	\$37,928	\$48,308	\$10,380	27.4%
SVI-4 Sales	\$504,753	\$513,904	\$9,151	1.8%	LVI-1 Town Plant Flex Transport (Cust "B")	\$102,850	\$101,830	(\$1,020)	-1.0%
LVI-4 Sales	\$556,933	\$560,692	\$3,760	0.7%	LVI-1 Town Plant Flex Transport (Cust "C")	\$49,398	\$48,888	(\$510)	-1.0%
SVJ-4 Sales	\$71,710	\$74,950	\$3,240	4.5%	LVI-1 Town Plant Flex Transport (Cust "D")	\$150,561	\$150,051	(\$510)	-0.3%
GREAT LAKES SALES					GREAT LAKES TRANSPORT				
GS-5 Residential Sales	\$3,536,294	\$3,700,010	\$163,715	4.6%	LVI-5 Town Plant Transport	\$18,513	\$18,926	\$414	2.2%
GS-5 SC&I Sales	\$387,779	\$417,435	\$29,656	7.6%	LVJ-5 Town Plant Transport	\$39,561	\$42,094	\$2,533	6.4%
GS-5 LC&I Sales	\$2,797,430	\$2,985,339	\$187,909	6.7%	SVI-5 Transport	\$56,981	\$51,560	(\$5,422)	-9.5%
SVI-5 Sales	\$112,382	\$115,520	\$3,137	2.8%	NBPL TRANSPORT				
SVJ-5 Sales	\$169,220	\$173,348	\$4,128	2.4%	LVI-1 Town Plant Flex Transport (Cust "G")	\$61,609	\$58,549	(\$3,060)	-5.0%
NMU CONSOLIDATED SALES					NMU CONSOLIDATED TRANSPORT				
GS-NMU Consolidated Residential Sales	\$14,665,191	\$14,646,102	(\$19,089)	-0.1%	SVI-NMU Consolidated Transport	\$83,963	\$91,415	\$7,452	8.9%
GS-NMU Consolidated SC&I Sales	\$1,378,659	\$1,424,604	\$45,946	3.3%	LVI-NMU Consolidated Town Plant Transport	\$354,119	\$425,208	\$71,089	20.1%
GS-NMU Consolidated LC&I Sales	\$9,900,187	\$9,994,335	\$94,148	1.0%	SVJ-NMU Consolidated Transport	\$188,609	\$210,369	\$21,760	11.5%
SVI-NMU Consolidated Sales	\$2,800,436	\$2,916,568	\$116,132	4.1%	LVJ-NMU Consolidated Town Plant Transport	\$119,026	\$143,041	\$24,015	20.2%
LVI-NMU Consolidated Town Plant Sales	\$2,123,184	\$2,155,535	\$32,351	1.5%	SLVI-NMU Consolidated Town Plant Transport-CIP Exempt	\$89,024	\$93,024	\$4,000	4.5%
NMU NNG SALES					NMU NNG TRANSPORT				
GS-NMU NNG Residential Sales	\$12,792,916	\$12,754,664	(\$38,252)	-0.3%	SVI-NMU NNG Transport	\$58,861	\$64,085	\$5,224	8.9%
GS-NMU NNG SC&I Sales	\$768,301	\$790,156	\$21,855	2.8%	LVI-NMU NNG Town Plant Transport	\$10,383	\$8,144	(\$2,240)	-21.6%
GS-NMU NNG LC&I Sales	\$5,943,017	\$6,011,797	\$68,780	1.2%	SVJ-NMU NNG Transport	\$18,395	\$18,903	\$508	2.8%
SVI-NMU NNG Sales	\$2,305,037	\$2,395,335	\$90,298	3.9%	LVJ-NMU NNG Transport	\$5,623	\$4,654	(\$969)	-17.2%
LVI-NMU NNG Town Plant Sales	\$570,033	\$579,227	\$9,194	1.6%	SLVI-NMU NNG Town Plant Transport-CIP Exempt	\$0	\$0	\$0	0.0%
SALES TOTAL	\$256,422,515	\$265,841,857	\$9,419,342	3.7%	PNG TOTAL	\$208,911,954	\$218,850,064	\$9,938,110	4.8%
					NMU TOTAL	\$54,495,214	\$55,604,324	\$1,109,110	2.0%
					COMPANY TOTAL	\$263,407,168	\$274,454,387	\$11,047,220	4.2%

Note: Base gas costs are included in both the Current Revenues and the Proposed Revenues above.

**MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

GS-1 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	1,743,972	\$7.25	12,643,797	1,743,972	\$8.50	14,823,762	2,179,965	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	131,441,161	\$0.17746	23,325,548	131,441,161	\$0.19754	25,964,887	2,639,339	11.3%
Cost of Gas	131,441,161	\$0.64271	84,478,549	131,441,161	\$0.64271	84,478,549	0	0.0%
TOTAL			120,447,894			125,267,198	4,819,304	4.0%

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GS-1 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	74,170	\$12.00	890,040	74,170	\$14.50	1,075,465	185,425	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,906,382	\$0.15022	887,257	5,906,382	\$0.18525	1,094,157	206,901	23.3%
Cost of Gas	5,906,382	\$0.64271	3,796,091	5,906,382	\$0.64271	3,796,091	0	0.0%
TOTAL			5,573,387			5,965,713	392,326	7.0%

GS-1 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	95,665	\$17.00	1,626,305	95,665	\$35.00	3,348,275	1,721,970	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	63,951,796	\$0.14984	9,582,537	63,951,796	\$0.16868	10,787,389	1,204,852	12.6%
Cost of Gas	63,951,796	\$0.64271	41,102,459	63,951,796	\$0.64271	41,102,459	0	0.0%
TOTAL			52,311,301			55,238,123	2,926,822	5.6%

SVI-1 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	4,290	\$80.00	343,200	4,290	\$150.00	643,500	300,300	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	14,035,379	\$0.11681	1,639,473	14,035,379	\$0.10647	1,494,347	(145,126)	-8.9%
Cost of Gas	14,035,379	\$0.47378	6,649,682	14,035,379	\$0.47378	6,649,682	0	0.0%
TOTAL			8,632,354			8,787,529	155,174	1.8%

LVI-1 Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	595	\$160.00	95,200	595	\$175.00	104,125	8,925	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,178,315	\$0.03248	200,672	6,178,315	\$0.03568	220,442	19,771	9.9%
Cost of Gas	6,178,315	\$0.47378	2,927,162	6,178,315	\$0.47378	2,927,162	0	0.0%
TOTAL			3,223,034			3,251,729	28,696	0.9%

LVI-1 Mainline Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$160.00	7,680	48	\$175.00	8,400	720	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	217,460	\$0.03248	7,063	217,460	\$0.03568	7,759	696	9.9%
Cost of Gas	217,460	\$0.47378	103,028	217,460	\$0.47378	103,028	0	0.0%
TOTAL			117,771			119,187	1,416	1.2%

**MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

SVJ-1 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$80.00	2,880	36	\$150.00	5,400	2,520	87.5%
Daily Firm Capacity	11,400	\$0.18000	2,052	11,400	\$0.23000	2,622	570	27.8%
Dist. Per Therm	163,455	\$0.11681	19,093	163,455	\$0.10647	17,403	(1,690)	-8.9%
Cost of Gas	163,455	\$0.47378	77,442	163,455	\$0.47378	77,442	0	0.0%
TOTAL			101,467			102,867	1,400	1.4%

GS-4 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	46,963	\$7.25	340,482	46,963	\$8.50	399,186	58,704	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,058,391	\$0.17746	542,742	3,058,391	\$0.19754	604,155	61,412	11.3%
Cost of Gas	3,058,391	\$0.56933	1,741,234	3,058,391	\$0.56933	1,741,234	0	0.0%
TOTAL	60		2,624,458	62		2,744,574	120,116	4.6%

GS-4 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	3,624	\$12.00	43,488	3,624	\$14.50	52,548	9,060	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	241,553	\$0.15022	36,286	241,553	\$0.18525	44,748	8,462	23.3%
Cost of Gas	241,553	\$0.56933	137,523	241,553	\$0.56933	137,523	0	0.0%
TOTAL	76		217,297	82		234,819	17,522	8.1%

GS-4 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	4,763	\$17.00	80,971	4,763	\$35.00	166,705	85,734	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,376,516	\$0.14984	356,097	2,376,516	\$0.16868	400,871	44,774	12.6%
Cost of Gas	2,376,516	\$0.56933	1,353,022	2,376,516	\$0.56933	1,353,022	0	0.0%
TOTAL	459		1,790,090	488		1,920,598	130,508	7.3%

SVI-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	254	\$80.00	20,320	254	\$150.00	38,100	17,780	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	834,524	\$0.11681	97,481	834,524	\$0.10647	88,852	(8,629)	-8.9%
Cost of Gas	834,524	\$0.46368	386,952	834,524	\$0.46368	386,952	0	0.0%
TOTAL			504,753			513,904	9,151	1.8%

LVI-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$160.00	1,920	12	\$175.00	2,100	180	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,118,616	\$0.03248	36,333	1,118,616	\$0.03568	39,912	3,580	9.9%
Cost of Gas	1,118,616	\$0.46368	518,680	1,118,616	\$0.46368	518,680	0	0.0%
TOTAL			556,933			560,692	3,760	0.7%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

SVJ-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$80.00	4,800	60	\$150.00	9,000	4,200	87.5%
Daily Firm Capacity	4,360	\$0.18000	785	4,360	\$0.23000	1,003	218	27.8%
Dist. Per Therm	113,912	\$0.11681	13,306	113,912	\$0.10647	12,128	(1,178)	-8.9%
Cost of Gas	113,912	\$0.46368	52,819	113,912	\$0.46368	52,819	0	0.0%
TOTAL			71,710			74,950	3,240	4.5%

GS-5 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	61,793	\$7.25	447,999	61,793	\$8.50	525,241	77,241	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,306,465	\$0.17746	764,225	4,306,465	\$0.19754	850,699	86,474	11.3%
Cost of Gas	4,306,465	\$0.53967	2,324,070	4,306,465	\$0.53967	2,324,070	0	0.0%
TOTAL			3,536,294			3,700,010	163,715	4.6%

GS-5 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	5,271	\$12.00	63,252	5,271	\$14.50	76,430	13,178	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	470,404	\$0.15022	70,664	470,404	\$0.18525	87,142	16,478	23.3%
Cost of Gas	470,404	\$0.53967	253,863	470,404	\$0.53967	253,863	0	0.0%
TOTAL			387,779			417,435	29,656	7.6%

GS-5 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6,357	\$17.00	108,069	6,357	\$35.00	222,495	114,426	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,900,394	\$0.14984	584,435	3,900,394	\$0.16868	657,918	73,483	12.6%
Cost of Gas	3,900,394	\$0.53967	2,104,926	3,900,394	\$0.53967	2,104,926	0	0.0%
TOTAL			2,797,430			2,985,339	187,909	6.7%

SVI-5 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	72	\$80.00	5,760	72	\$150.00	10,800	5,040	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	184,000	\$0.11681	21,493	184,000	\$0.10647	19,590	(1,903)	-8.9%
Cost of Gas	184,000	\$0.46266	85,129	184,000	\$0.46266	85,129	0	0.0%
TOTAL			112,382			115,520	3,137	2.8%

SVJ-5 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	72	\$80.00	5,760	72	\$150.00	10,800	5,040	87.5%
Daily Firm Capacity	37,680	\$0.18000	6,782	37,680	\$0.23000	8,666	1,884	27.8%
Dist. Per Therm	270,381	\$0.11681	31,583	270,381	\$0.10647	28,787	(2,796)	-8.9%
Cost of Gas	270,381	\$0.46266	125,094	270,381	\$0.46266	125,094	0	0.0%
TOTAL			169,220			173,348	4,128	2.4%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

GS-NMU Consolidated Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	235,497	\$7.25	1,707,351	235,497	\$8.50	2,001,722	294,371	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	15,633,893	\$0.21759	3,401,779	15,633,893	\$0.19754	3,088,319	(313,460)	-9.2%
Cost of Gas	15,633,893	\$0.61124	9,556,061	15,633,893	\$0.61124	9,556,061	0	0.0%
TOTAL			14,665,191			14,646,102	(19,089)	-0.1%

GS-NMU Consolidated SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	18,604	\$12.00	223,254	18,604	\$14.50	269,765	46,511	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,449,911	\$0.18564	269,161	1,449,911	\$0.18525	268,596	(565)	-0.2%
Cost of Gas	1,449,911	\$0.61124	886,244	1,449,911	\$0.61124	886,244	0	0.0%
TOTAL			1,378,659			1,424,604	45,946	3.3%

GS-NMU Consolidated LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	23,473	\$17.00	399,046	23,473	\$35.00	821,566	422,520	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,761,166	\$0.19660	2,312,245	11,761,166	\$0.16868	1,983,873	(328,372)	-14.2%
Cost of Gas	11,761,166	\$0.61124	7,188,895	11,761,166	\$0.61124	7,188,895	0	0.0%
TOTAL			9,900,187			9,994,335	94,148	1.0%

SVI-NMU Consolidated Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	914	\$80.00	73,118	914	\$150.00	137,096	63,978	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,797,984	\$0.09560	458,687	4,797,984	\$0.10647	510,841	52,154	11.4%
Cost of Gas	4,797,984	\$0.47283	2,268,631	4,797,984	\$0.47283	2,268,631	0	0.0%
TOTAL			2,800,436			2,916,568	116,132	4.1%

LVI-NMU Consolidated Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	140	\$160.00	22,324	140	\$175.00	24,417	2,093	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,190,907	\$0.02846	119,273	4,190,907	\$0.03568	149,532	30,258	25.4%
Cost of Gas	4,190,907	\$0.47283	1,981,586	4,190,907	\$0.47283	1,981,586	0	0.0%
TOTAL			2,123,184			2,155,535	32,351	1.5%

GS-NMU NNG Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	190,277	\$7.25	1,379,511	190,277	\$8.50	1,617,357	237,847	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	13,770,503	\$0.21759	2,996,324	13,770,503	\$0.19754	2,720,225	(276,099)	-9.2%
Cost of Gas	13,770,503	\$0.61124	8,417,082	13,770,503	\$0.61124	8,417,082	0	0.0%
TOTAL			12,792,916			12,754,664	(38,252)	-0.3%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

GS-NMU NNG SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	8,872	\$12.00	106,458	8,872	\$14.50	128,637	22,179	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	830,542	\$0.18564	154,182	830,542	\$0.18525	153,858	(324)	-0.2%
Cost of Gas	830,542	\$0.61124	507,660	830,542	\$0.61124	507,660	0	0.0%
TOTAL			768,301			790,156	21,855	2.8%

GS-NMU NNG LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	14,751	\$17.00	250,762	14,751	\$35.00	516,274	265,512	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	7,046,266	\$0.19660	1,385,296	7,046,266	\$0.16868	1,188,564	(196,732)	-14.2%
Cost of Gas	7,046,266	\$0.61124	4,306,960	7,046,266	\$0.61124	4,306,960	0	0.0%
TOTAL			5,943,017			6,011,797	68,780	1.2%

SVI-NMU NNG Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	675	\$80.00	54,002	675	\$150.00	101,254	47,252	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,960,092	\$0.09560	378,585	3,960,092	\$0.10647	421,631	43,046	11.4%
Cost of Gas	3,960,092	\$0.47283	1,872,450	3,960,092	\$0.47283	1,872,450	0	0.0%
TOTAL			2,305,037			2,395,335	90,298	3.9%

LVI-NMU NNG Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	77	\$160.00	12,396	77	\$175.00	13,558	1,162	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,112,404	\$0.02846	31,659	1,112,404	\$0.03568	39,691	8,032	25.4%
Cost of Gas	1,112,404	\$0.47283	525,978	1,112,404	\$0.47283	525,978	0	0.0%
TOTAL			570,033			579,227	9,194	1.6%

SVI-1 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$250.00	15,000	60	\$220.00	13,200	(1,800)	-12.0%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,941,256	\$0.11681	226,758	1,941,256	\$0.10647	206,686	(20,073)	-8.9%
Cost of Gas	1,941,256	\$0.00000	0	1,941,256	\$0.00000	0	0	0.0%
TOTAL			241,758			219,886	(21,873)	-9.0%

**MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

LVI-1 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	526	\$330.00	173,580	526	\$245.00	128,870	(44,710)	-25.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	39,047,167	\$0.03248	1,268,252	39,047,167	\$0.03568	1,393,203	124,951	9.9%
Cost of Gas	39,047,167	\$0.00000	0	39,047,167	\$0.00000	0	0	0.0%
TOTAL			1,441,832			1,522,073	80,241	5.6%

LVI-1 Mainline Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$270.00	9,720	36	\$245.00	8,820	(900)	-9.3%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	804,734	\$0.03248	26,138	804,734	\$0.03568	28,713	2,575	9.9%
Cost of Gas	804,734	\$0.00000	0	804,734	\$0.00000	0	0	0.0%
TOTAL			35,858			37,533	1,675	4.7%

SVJ-1 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	71	\$250.00	17,750	71	\$220.00	15,620	(2,130)	-12.0%
Daily Firm Capacity	38,140	\$0.18000	6,865	38,140	\$0.23000	8,772	1,907	27.8%
Dist. Per Therm	731,682	\$0.11681	85,468	731,682	\$0.10647	77,902	(7,566)	-8.9%
Cost of Gas	731,682	\$0.00000	0	731,682	\$0.00000	0	0	0.0%
TOTAL			110,083			102,294	(7,789)	-7.1%

LVJ-1 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	538	\$330.00	177,540	538	\$245.00	131,810	(45,730)	-25.8%
Daily Firm Capacity	910,390	\$0.14000	127,455	910,390	\$0.23000	209,390	81,935	64.3%
Dist. Per Therm	52,805,802	\$0.03248	1,715,132	52,805,802	\$0.03568	1,884,111	168,979	9.9%
Cost of Gas	52,805,802	\$0.00000	0	52,805,802	\$0.00000	0	0	0.0%
TOTAL			2,020,127			2,225,311	205,184	10.2%

SLVI-1 Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	180	\$330.00	59,400	180	\$370.00	66,600	7,200	12.1%
Daily Firm Capacity	0	\$0.06200	0	0	\$0.06200	0	0	0.0%
Dist. Per Therm	118,520,312	\$0.00420	497,785	118,520,312	\$0.00420	497,785	0	0.0%
Cost of Gas	118,520,312	\$0.00000	0	118,520,312	\$0.00000	0	0	0.0%
TOTAL			557,185			564,385	7,200	1.3%

SLVI-1 Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$370.00	4,440	480	12.1%
Daily Firm Capacity	0	\$0.06200	0	0	\$0.06200	0	0	0.0%
Dist. Per Therm	2,466,316	\$0.00420	10,359	2,466,316	\$0.01933	47,674	37,315	360.2%
Cost of Gas	2,466,316	\$0.00000	0	2,466,316	\$0.00000	0	0	0.0%
TOTAL			14,319			52,114	37,795	264.0%

SLVJ-1 Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$330.00	7,920	24	\$370.00	8,880	960	12.1%
Daily Firm Capacity	4,094,400	\$0.06200	253,853	4,094,400	\$0.06200	253,853	0	0.0%
Dist. Per Therm	41,289,215	\$0.00420	173,415	41,289,215	\$0.01933	798,121	624,706	360.2%
Cost of Gas	41,289,215	\$0.00000	0	41,289,215	\$0.00000	0	0	0.0%
TOTAL			435,188			1,060,853	625,666	143.8%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

Transport for Resale

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	279,903	\$0.07200	20,153	279,903	\$0.07200	20,153	0	0.0%
Cost of Gas	279,903	\$0.00000	0	279,903	\$0.00000	0	0	0.0%
TOTAL			24,113			23,093	(1,020)	-4.2%

LVJ-1 Mainline Flex Transport (Cust "A")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$270.00	3,240	12	\$245.00	2,940	(300)	-9.3%
Daily Firm Capacity	87,500	\$0.14000	12,250	87,500	\$0.23000	20,125	7,875	64.3%
Dist. Per Therm	5,609,474	\$0.00400	22,438	5,609,474	\$0.00450	25,243	2,805	12.5%
Cost of Gas	5,609,474	\$0.00000	0	5,609,474	\$0.00000	0	0	0.0%
TOTAL			37,928			48,308	10,380	27.4%

LVI-1 Town Plant Flex Transport (Cust "B")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	19,777,919	\$0.00500	98,890	19,777,919	\$0.00500	98,890	0	0.0%
Cost of Gas	19,777,919	\$0.00000	0	19,777,919	\$0.00000	0	0	0.0%
TOTAL			102,850			101,830	(1,020)	-1.0%

LVI-1 Town Plant Flex Transport (Cust "C")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$330.00	1,980	6	\$245.00	1,470	(510)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,773,937	\$0.00700	47,418	6,773,937	\$0.00700	47,418	0	0.0%
Cost of Gas	6,773,937	\$0.00000	0	6,773,937	\$0.00000	0	0	0.0%
TOTAL			49,398			48,888	(510)	-1.0%

LVI-1 Town Plant Flex Transport (Cust "D")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$330.00	1,980	6	\$245.00	1,470	(510)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	9,905,389	\$0.01500	148,581	9,905,389	\$0.01500	148,581	0	0.0%
Cost of Gas	9,905,389	\$0.00000	0	9,905,389	\$0.00000	0	0	0.0%
TOTAL			150,561			150,051	(510)	-0.3%

LVJ-1 Town Plant Flex Transport (Cust "E")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	72,000	\$0.14000	10,080	72,000	\$0.23000	16,560	6,480	64.3%
Dist. Per Therm	8,940,431	\$0.01500	134,106	8,940,431	\$0.01500	134,106	0	0.0%
Cost of Gas	8,940,431	\$0.00000	0	8,940,431	\$0.00000	0	0	0.0%
TOTAL			148,146			153,606	5,460	3.7%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)

LVJ-1 Town Plant Flex Transport (Cust "F")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$330.00	11,880	36	\$245.00	8,820	(3,060)	-25.8%
Daily Firm Capacity	61,000	\$0.14000	8,540	61,000	\$0.23000	14,030	5,490	64.3%
Dist. Per Therm	4,462,062	\$0.00900	40,159	4,462,062	\$0.00900	40,159	0	0.0%
Cost of Gas	4,462,062	\$0.00000	0	4,462,062	\$0.00000	0	0	0.0%
TOTAL			60,579			63,009	2,430	4.0%

SVI-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$250.00	12,000	48	\$220.00	10,560	(1,440)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	241,094	\$0.11681	28,162	241,094	\$0.10647	25,669	(2,493)	-8.9%
Cost of Gas	241,094	\$0.00000	0	241,094	\$0.00000	0	0	0.0%
TOTAL			40,162			36,229	(3,933)	-9.8%

SVJ-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$250.00	6,000	24	\$220.00	5,280	(720)	-12.0%
Daily Firm Capacity	12,000	\$0.18000	2,160	12,000	\$0.23000	2,760	600	27.8%
Dist. Per Therm	161,245	\$0.11681	18,835	161,245	\$0.10647	17,168	(1,667)	-8.9%
Cost of Gas	161,245	\$0.00000	0	161,245	\$0.00000	0	0	0.0%
TOTAL			26,995			25,208	(1,787)	-6.6%

LVJ-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$330.00	15,840	48	\$245.00	11,760	(4,080)	-25.8%
Daily Firm Capacity	99,000	\$0.14000	13,860	99,000	\$0.23000	22,770	8,910	64.3%
Dist. Per Therm	1,014,636	\$0.03248	32,955	1,014,636	\$0.03568	36,202	3,247	9.9%
Cost of Gas	1,014,636	\$0.00000	0	1,014,636	\$0.00000	0	0	0.0%
TOTAL			62,655			70,732	8,077	12.9%

LVI-5 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	448,051	\$0.03248	14,553	448,051	\$0.03568	15,986	1,434	9.9%
Cost of Gas	448,051	\$0.00000	0	448,051	\$0.00000	0	0	0.0%
TOTAL			18,513			18,926	414	2.2%

LVJ-5 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	600	\$0.14000	84	600	\$0.23000	138	54	64.3%
Dist. Per Therm	1,093,495	\$0.03248	35,517	1,093,495	\$0.03568	39,016	3,499	9.9%
Cost of Gas	1,093,495	\$0.00000	0	1,093,495	\$0.00000	0	0	0.0%
TOTAL			39,561			42,094	2,533	6.4%

**MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

SVI-5 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$250.00	12,000	48	\$220.00	10,560	(1,440)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	385,082	\$0.11681	44,981	385,082	\$0.10647	41,000	(3,982)	-8.9%
Cost of Gas	385,082	\$0.00000	0	385,082	\$0.00000	0	0	0.0%
TOTAL			56,981			51,560	(5,422)	-9.5%

LVI-1 Town Plant Flex Transport (Cust "G")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$330.00	11,880	36	\$245.00	8,820	(3,060)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,315,245	\$0.01500	49,729	3,315,245	\$0.01500	49,729	0	0.0%
Cost of Gas	3,315,245	\$0.00000	0	3,315,245	\$0.00000	0	0	0.0%
TOTAL			61,609			58,549	(3,060)	-5.0%

SVI-NMU Consolidated Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$250.00	8,964	36	\$220.00	7,889	(1,076)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	784,506	\$0.09560	74,999	784,506	\$0.10647	83,526	8,528	11.4%
Cost of Gas	784,506	\$0.00000	0	784,506	\$0.00000	0	0	0.0%
TOTAL			83,963			91,415	7,452	8.9%

LVI-NMU Consolidated Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	111	\$330.00	36,667	111	\$245.00	27,223	(9,445)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,154,299	\$0.02846	317,451	11,154,299	\$0.03568	397,985	80,534	25.4%
Cost of Gas	11,154,299	\$0.00000	0	11,154,299	\$0.00000	0	0	0.0%
TOTAL			354,119			425,208	71,089	20.1%

SVJ-NMU Consolidated Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	76	\$250.00	19,075	76	\$220.00	16,786	(2,289)	-12.0%
Daily Firm Capacity	161,588	\$0.18000	29,086	161,588	\$0.23000	37,165	8,079	27.8%
Dist. Per Therm	1,469,122	\$0.09560	140,448	1,469,122	\$0.10647	156,417	15,969	11.4%
Cost of Gas	1,469,122	\$0.00000	0	1,469,122	\$0.00000	0	0	0.0%
TOTAL			188,609			210,369	21,760	11.5%

LVJ-NMU Consolidated Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	65	\$330.00	21,384	65	\$245.00	15,876	(5,508)	-25.8%
Daily Firm Capacity	87,220	\$0.14000	12,211	87,220	\$0.23000	20,061	7,850	64.3%
Dist. Per Therm	3,001,805	\$0.02846	85,431	3,001,805	\$0.03568	107,104	21,673	25.4%
Cost of Gas	3,001,805	\$0.00000	0	3,001,805	\$0.00000	0	0	0.0%
TOTAL			119,026			143,041	24,015	20.2%

**MINNESOTA ENERGY RESOURCES CORPORATION
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SLVI-NMU Consolidated Town Plant Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	100	\$330.00	33,000	100	\$370.00	37,000	4,000	12.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,591,025	\$0.00850	56,024	6,591,025	\$0.00850	56,024	0	0.0%
Cost of Gas	6,591,025	\$0.00000	0	6,591,025	\$0.00000	0	0	0.0%
TOTAL			89,024			93,024	4,000	4.5%

SLVI-NMU Consolidated Town Plant Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$330.00	7,920	24	\$370.00	8,880	960	12.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	36,744,719	\$0.00850	312,330	36,744,719	\$0.02363	868,278	555,948	178.0%
Cost of Gas	36,744,719	\$0.00000	0	36,744,719	\$0.00000	0	0	0.0%
TOTAL			320,250			877,158	556,908	173.9%

SVI-NMU NNG Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	25	\$250.00	6,286	25	\$220.00	5,531	(754)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	549,953	\$0.09560	52,576	549,953	\$0.10647	58,554	5,978	11.4%
Cost of Gas	549,953	\$0.00000	0	549,953	\$0.00000	0	0	0.0%
TOTAL			58,861			64,085	5,224	8.9%

LVI-NMU NNG Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	29	\$330.00	9,533	29	\$245.00	7,077	(2,455)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	29,892	\$0.02846	851	29,892	\$0.03568	1,067	216	25.4%
Cost of Gas	29,892	\$0.00000	0	29,892	\$0.00000	0	0	0.0%
TOTAL			10,383			8,144	(2,240)	-21.6%

SVJ-NMU NNG Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	35	\$250.00	8,675	35	\$220.00	7,634	(1,041)	-12.0%
Daily Firm Capacity	15,012	\$0.18000	2,702	15,012	\$0.23000	3,453	751	27.8%
Dist. Per Therm	73,410	\$0.09560	7,018	73,410	\$0.10647	7,816	798	11.4%
Cost of Gas	73,410	\$0.00000	0	73,410	\$0.00000	0	0	0.0%
TOTAL			18,395			18,903	508	2.8%

LVJ-NMU NNG Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	14	\$330.00	4,686	14	\$245.00	3,479	(1,207)	-25.8%
Daily Firm Capacity	0	\$0.14000	0	0	\$0.23000	0	0	0.0%
Dist. Per Therm	32,939	\$0.02846	937	32,939	\$0.03568	1,175	238	25.4%
Cost of Gas	32,939	\$0.00000	0	32,939	\$0.00000	0	0	0.0%
TOTAL			5,623			4,654	(969)	-17.2%

SLVI-NMU NNG Town Plant Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$330.00	0	0	\$370.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.00850	0	0	\$0.00850	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
TOTAL			0			0	0	0.0%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %	MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %
NNG SALES					NNG TRANSPORT				
GS-1 Residential Sales	\$35,969,345	\$40,788,649	\$4,819,304	13.4%	SVI-1 Transport	\$241,758	\$219,886	(\$21,873)	-9.0%
GS-1 SC&I Sales	\$1,777,297	\$2,169,622	\$392,326	22.1%	LVI-1 Town Plant Transport	\$1,441,832	\$1,522,073	\$80,241	5.6%
GS-1 LC&I Sales	\$11,208,842	\$14,135,664	\$2,926,822	26.1%	LVI-1 Mainline Transport	\$35,858	\$37,533	\$1,675	4.7%
SVI-1 Sales	\$1,982,673	\$2,137,847	\$155,174	7.8%	SVJ-1 Transport	\$110,083	\$102,294	(\$7,789)	-7.1%
LVI-1 Town Plant Sales	\$295,872	\$324,567	\$28,696	9.7%	LVJ-1 Town Plant Transport	\$2,020,127	\$2,225,311	\$205,184	10.2%
LVI-1 Mainline Sales	\$14,743	\$16,159	\$1,416	9.6%	SLVI-1 Transport-CIP Exempt	\$567,185	\$564,385	\$7,200	1.3%
SVJ-1 Sales	\$24,025	\$25,425	\$1,400	5.8%	SLVI-1 Transport-CIP Applicable	\$14,319	\$52,114	\$37,795	264.0%
VIKING SALES					VIKING TRANSPORT				
GS-4 Residential Sales	\$883,224	\$1,003,340	\$120,116	13.6%	SLVJ-1 Transport-CIP Applicable Transport for Resale	\$435,188	\$1,060,853	\$625,666	143.8%
GS-4 SC&I Sales	\$79,774	\$97,296	\$17,522	22.0%	LVJ-1 Mainline Flex Transport (Cust "A")	\$24,113	\$23,093	(\$1,020)	-4.2%
GS-4 LC&I Sales	\$437,068	\$567,576	\$130,508	29.9%	LVI-1 Town Plant Flex Transport (Cust "B")	\$37,928	\$48,308	\$10,380	27.4%
SVI-4 Sales	\$117,801	\$126,952	\$9,151	7.8%	LVI-1 Town Plant Flex Transport (Cust "C")	\$102,850	\$101,830	(\$1,020)	-1.0%
LVI-4 Sales	\$38,253	\$42,012	\$3,760	9.8%	LVI-1 Town Plant Flex Transport (Cust "D")	\$49,398	\$48,888	(\$510)	-1.0%
SVJ-4 Sales	\$18,891	\$22,131	\$3,240	17.2%	LVI-1 Town Plant Flex Transport (Cust "E")	\$150,561	\$150,051	(\$510)	-0.3%
GREAT LAKES SALES					GREAT LAKES TRANSPORT				
GS-5 Residential Sales	\$1,212,225	\$1,375,940	\$163,715	13.5%	LVI-5 Town Plant Transport	\$18,513	\$18,926	\$414	2.2%
GS-5 SC&I Sales	\$133,916	\$163,572	\$29,656	22.1%	LVJ-5 Town Plant Transport	\$39,561	\$42,094	\$2,533	6.4%
GS-5 LC&I Sales	\$692,504	\$880,413	\$187,909	27.1%	SVI-5 Transport	\$56,981	\$51,560	(\$5,422)	-9.5%
SVI-5 Sales	\$27,253	\$30,390	\$3,137	11.5%	NBPL TRANSPORT				
SVJ-5 Sales	\$44,126	\$48,254	\$4,128	9.4%	LVI-1 Town Plant Flex Transport (Cust "G")	\$61,609	\$58,549	(\$3,060)	-5.0%
NMU CONSOLIDATED SALES					NMU CONSOLIDATED TRANSPORT				
GS-NMU Consolidated Residential Sales	\$5,109,130	\$5,090,041	(\$19,089)	-0.4%	SVI-NMU Consolidated Transport	\$83,963	\$91,415	\$7,452	8.9%
GS-NMU Consolidated SC&I Sales	\$492,415	\$538,361	\$45,946	9.3%	LVI-NMU Consolidated Town Plant Transport	\$354,119	\$425,208	\$71,089	20.1%
GS-NMU Consolidated LC&I Sales	\$2,711,292	\$2,805,440	\$94,148	3.5%	LVI-NMU Consolidated Mainline Transport	\$0	\$0	\$0	0.0%
SVI-NMU Consolidated Sales	\$531,805	\$647,937	\$116,132	21.8%	SVJ-NMU Consolidated Transport	\$188,609	\$210,369	\$21,760	11.5%
LVI-NMU Consolidated Town Plant Sales	\$141,597	\$173,949	\$32,351	22.8%	LVJ-NMU Consolidated Town Plant Transport	\$119,026	\$143,041	\$24,015	20.2%
NMU NNG SALES					NMU NNG TRANSPORT				
GS-NMU NNG Residential Sales	\$4,375,834	\$4,337,582	(\$38,252)	-0.9%	SVI-NMU NNG Transport	\$58,861	\$64,085	\$5,224	8.9%
GS-NMU NNG SC&I Sales	\$260,640	\$282,495	\$21,855	8.4%	LVI-NMU NNG Town Plant Transport	\$10,383	\$8,144	(\$2,240)	-21.6%
GS-NMU NNG LC&I Sales	\$1,636,057	\$1,704,838	\$68,780	4.2%	LVI-NMU NNG Mainline Transport	\$0	\$0	\$0	0.0%
SVI-NMU NNG Sales	\$432,587	\$522,885	\$90,298	20.9%	SVJ-NMU NNG Transport	\$18,395	\$18,903	\$508	2.8%
LVI-NMU NNG Town Plant Sales	\$44,055	\$53,249	\$9,194	20.9%	LVJ-NMU NNG Town Plant Transport	\$5,623	\$4,654	(\$969)	-17.2%
					SLVI-NMU Consolidated Town Plant Transport-CIP Exempt				
					\$0				
SALES TOTAL					TRANSPORT TOTAL				
\$70,693,243					\$8,612,530				
					\$1,627,877				
					23.3%				
					PNG TOTAL				
					\$60,694,230				
					\$70,632,340				
					\$9,938,110				
					16.4%				
					NMU TOTAL				
					\$16,983,667				
					\$18,092,776				
					\$1,109,110				
					6.5%				
					COMPANY TOTAL				
					\$77,677,896				
					\$88,725,116				
					\$11,047,220				
					14.2%				

Note: Base gas costs are NOT included in either the Current Revenues and the Proposed Revenues above.

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

GS-1 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	1,743,972	\$7.25	12,643,797	1,743,972	\$8.50	14,823,762	2,179,965	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	131,441,161	\$0.17746	23,325,548	131,441,161	\$0.19754	25,964,887	2,639,339	11.3%
Cost of Gas	131,441,161	\$0.00000	0	131,441,161	\$0.00000	0	0	0.0%
TOTAL			35,969,345			40,788,649	4,819,304	13.4%

GS-1 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	74,170	\$12.00	890,040	74,170	\$14.50	1,075,465	185,425	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,906,382	\$0.15022	887,257	5,906,382	\$0.18525	1,094,157	206,901	23.3%
Cost of Gas	5,906,382	\$0.00000	0	5,906,382	\$0.00000	0	0	0.0%
TOTAL			1,777,297			2,169,622	392,326	22.1%

GS-1 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	95,665	\$17.00	1,626,305	95,665	\$35.00	3,348,275	1,721,970	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	63,951,796	\$0.14984	9,582,537	63,951,796	\$0.16868	10,787,389	1,204,852	12.6%
Cost of Gas	63,951,796	\$0.00000	0	63,951,796	\$0.00000	0	0	0.0%
TOTAL			11,208,842			14,135,664	2,926,822	26.1%

SVI-1 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	4,290	\$80.00	343,200	4,290	\$150.00	643,500	300,300	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	14,035,379	\$0.11681	1,639,473	14,035,379	\$0.10647	1,494,347	(145,126)	-8.9%
Cost of Gas	14,035,379	\$0.00000	0	14,035,379	\$0.00000	0	0	0.0%
TOTAL			1,982,673			2,137,847	155,174	7.8%

LVI-1 Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	595	\$160.00	95,200	595	\$175.00	104,125	8,925	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,178,315	\$0.03248	200,672	6,178,315	\$0.03568	220,442	19,771	9.9%
Cost of Gas	6,178,315	\$0.00000	0	6,178,315	\$0.00000	0	0	0.0%
TOTAL			295,872			324,567	28,696	9.7%

LVI-1 Mainline Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$160.00	7,680	48	\$175.00	8,400	720	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	217,460	\$0.03248	7,063	217,460	\$0.03568	7,759	696	9.9%
Cost of Gas	217,460	\$0.00000	0	217,460	\$0.00000	0	0	0.0%
TOTAL			14,743			16,159	1,416	9.6%

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COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

SVJ-1 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$80.00	2,880	36	\$150.00	5,400	2,520	87.5%
Daily Firm Capacity	11,400	\$0.18000	2,052	11,400	\$0.23000	2,622	570	27.8%
Dist. Per Therm	163,455	\$0.11681	19,093	163,455	\$0.10647	17,403	(1,690)	-8.9%
Cost of Gas	163,455	\$0.00000	0	163,455	\$0.00000	0	0	0.0%
TOTAL			24,025			25,425	1,400	5.8%

GS-4 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	46,963	\$7.25	340,482	46,963	\$8.50	399,186	58,704	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,058,391	\$0.17746	542,742	3,058,391	\$0.19754	604,155	61,412	11.3%
Cost of Gas	3,058,391	\$0.00000	0	3,058,391	\$0.00000	0	0	0.0%
TOTAL			883,224			1,003,340	120,116	13.6%

GS-4 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	3,624	\$12.00	43,488	3,624	\$14.50	52,548	9,060	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	241,553	\$0.15022	36,286	241,553	\$0.18525	44,748	8,462	23.3%
Cost of Gas	241,553	\$0.00000	0	241,553	\$0.00000	0	0	0.0%
TOTAL			79,774			97,296	17,522	22.0%

GS-4 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	4,763	\$17.00	80,971	4,763	\$35.00	166,705	85,734	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,376,516	\$0.14984	356,097	2,376,516	\$0.16868	400,871	44,774	12.6%
Cost of Gas	2,376,516	\$0.00000	0	2,376,516	\$0.00000	0	0	0.0%
TOTAL			437,068			567,576	130,508	29.9%

SVI-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	254	\$80.00	20,320	254	\$150.00	38,100	17,780	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	834,524	\$0.11681	97,481	834,524	\$0.10647	88,852	(8,629)	-8.9%
Cost of Gas	834,524	\$0.00000	0	834,524	\$0.00000	0	0	0.0%
TOTAL			117,801			126,952	9,151	7.8%

LVI-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$160.00	1,920	12	\$175.00	2,100	180	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,118,616	\$0.03248	36,333	1,118,616	\$0.03568	39,912	3,580	9.9%
Cost of Gas	1,118,616	\$0.00000	0	1,118,616	\$0.00000	0	0	0.0%
TOTAL			38,253			42,012	3,760	9.8%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)
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SVJ-4 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$80.00	4,800	60	\$150.00	9,000	4,200	87.5%
Daily Firm Capacity	4,360	\$0.18000	785	4,360	\$0.23000	1,003	218	27.8%
Dist. Per Therm	113,912	\$0.11681	13,306	113,912	\$0.10647	12,128	(1,178)	-8.9%
Cost of Gas	113,912	\$0.00000	0	113,912	\$0.00000	0	0	0.0%
TOTAL			18,891			22,131	3,240	17.2%

GS-5 Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	61,793	\$7.25	447,999	61,793	\$8.50	525,241	77,241	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,306,465	\$0.17746	764,225	4,306,465	\$0.19754	850,699	86,474	11.3%
Cost of Gas	4,306,465	\$0.00000	0	4,306,465	\$0.00000	0	0	0.0%
TOTAL			1,212,225			1,375,940	163,715	13.5%

GS-5 SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	5,271	\$12.00	63,252	5,271	\$14.50	76,430	13,178	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	470,404	\$0.15022	70,664	470,404	\$0.18525	87,142	16,478	23.3%
Cost of Gas	470,404	\$0.00000	0	470,404	\$0.00000	0	0	0.0%
TOTAL			133,916			163,572	29,656	22.1%

GS-5 LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6,357	\$17.00	108,069	6,357	\$35.00	222,495	114,426	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,900,394	\$0.14984	584,435	3,900,394	\$0.16868	657,918	73,483	12.6%
Cost of Gas	3,900,394	\$0.00000	0	3,900,394	\$0.00000	0	0	0.0%
TOTAL			692,504			880,413	187,909	27.1%

SVI-5 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	72	\$80.00	5,760	72	\$150.00	10,800	5,040	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	184,000	\$0.11681	21,493	184,000	\$0.10647	19,590	(1,903)	-8.9%
Cost of Gas	184,000	\$0.00000	0	184,000	\$0.00000	0	0	0.0%
TOTAL			27,253			30,390	3,137	11.5%

SVJ-5 Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	72	\$80.00	5,760	72	\$150.00	10,800	5,040	87.5%
Daily Firm Capacity	37,680	\$0.18000	6,782	37,680	\$0.23000	8,666	1,884	27.8%
Dist. Per Therm	270,381	\$0.11681	31,583	270,381	\$0.10647	28,787	(2,796)	-8.9%
Cost of Gas	270,381	\$0.00000	0	270,381	\$0.00000	0	0	0.0%
TOTAL			44,126			48,254	4,128	9.4%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

GS-NMU Consolidated Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	235,497	\$7.25	1,707,351	235,497	\$8.50	2,001,722	294,371	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	15,633,893	\$0.21759	3,401,779	15,633,893	\$0.19754	3,088,319	(313,460)	-9.2%
Cost of Gas	15,633,893	\$0.00000	0	15,633,893	\$0.00000	0	0	0.0%
TOTAL			5,109,130			5,090,041	(19,089)	-0.4%

GS-NMU Consolidated SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	18,604	\$12.00	223,254	18,604	\$14.50	269,765	46,511	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,449,911	\$0.18564	269,161	1,449,911	\$0.18525	268,596	(565)	-0.2%
Cost of Gas	1,449,911	\$0.00000	0	1,449,911	\$0.00000	0	0	0.0%
TOTAL			492,415			538,361	45,946	9.3%

GS-NMU Consolidated LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	23,473	\$17.00	399,046	23,473	\$35.00	821,566	422,520	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,761,166	\$0.19660	2,312,245	11,761,166	\$0.16868	1,983,873	(328,372)	-14.2%
Cost of Gas	11,761,166	\$0.00000	0	11,761,166	\$0.00000	0	0	0.0%
TOTAL			2,711,292			2,805,440	94,148	3.5%

SVI-NMU Consolidated Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	914	\$80.00	73,118	914	\$150.00	137,096	63,978	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,797,984	\$0.09560	458,687	4,797,984	\$0.10647	510,841	52,154	11.4%
Cost of Gas	4,797,984	\$0.00000	0	4,797,984	\$0.00000	0	0	0.0%
TOTAL			531,805			647,937	116,132	21.8%

LVI-NMU Consolidated Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	140	\$160.00	22,324	140	\$175.00	24,417	2,093	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,190,907	\$0.02846	119,273	4,190,907	\$0.03568	149,532	30,258	25.4%
Cost of Gas	4,190,907	\$0.00000	0	4,190,907	\$0.00000	0	0	0.0%
TOTAL			141,597			173,949	32,351	22.8%

GS-NMU NNG Residential Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	190,277	\$7.25	1,379,511	190,277	\$8.50	1,617,357	237,847	17.2%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	13,770,503	\$0.21759	2,996,324	13,770,503	\$0.19754	2,720,225	(276,099)	-9.2%
Cost of Gas	13,770,503	\$0.00000	0	13,770,503	\$0.00000	0	0	0.0%
TOTAL			4,375,834			4,337,582	(38,252)	-0.9%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

GS-NMU NNG SC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	8,872	\$12.00	106,458	8,872	\$14.50	128,637	22,179	20.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	830,542	\$0.18564	154,182	830,542	\$0.18525	153,858	(324)	-0.2%
Cost of Gas	830,542	\$0.00000	0	830,542	\$0.00000	0	0	0.0%
TOTAL			260,640			282,495	21,855	8.4%

GS-NMU NNG LC&I Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	14,751	\$17.00	250,762	14,751	\$35.00	516,274	265,512	105.9%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	7,046,266	\$0.19660	1,385,296	7,046,266	\$0.16868	1,188,564	(196,732)	-14.2%
Cost of Gas	7,046,266	\$0.00000	0	7,046,266	\$0.00000	0	0	0.0%
TOTAL			1,636,057			1,704,838	68,780	4.2%

SVI-NMU NNG Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	675	\$80.00	54,002	675	\$150.00	101,254	47,252	87.5%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,960,092	\$0.09560	378,585	3,960,092	\$0.10647	421,631	43,046	11.4%
Cost of Gas	3,960,092	\$0.00000	0	3,960,092	\$0.00000	0	0	0.0%
TOTAL			432,587			522,885	90,298	20.9%

LVI-NMU NNG Town Plant Sales

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	77	\$160.00	12,396	77	\$175.00	13,558	1,162	9.4%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,112,404	\$0.02846	31,659	1,112,404	\$0.03568	39,691	8,032	25.4%
Cost of Gas	1,112,404	\$0.00000	0	1,112,404	\$0.00000	0	0	0.0%
TOTAL			44,055			53,249	9,194	20.9%

SVI-1 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$250.00	15,000	60	\$220.00	13,200	(1,800)	-12.0%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	1,941,256	\$0.11681	226,758	1,941,256	\$0.10647	206,686	(20,073)	-8.9%
Cost of Gas	1,941,256	\$0.00000	0	1,941,256	\$0.00000	0	0	0.0%
TOTAL			241,758			219,886	(21,873)	-9.0%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

LVI-1 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	526	\$330.00	173,580	526	\$245.00	128,870	(44,710)	-25.8%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	39,047,167	\$0.03248	1,268,252	39,047,167	\$0.03568	1,393,203	124,951	9.9%
Cost of Gas	39,047,167	\$0.00000	0	39,047,167	\$0.00000	0	0	0.0%
TOTAL			1,441,832			1,522,073	80,241	5.6%

LVI-1 Mainline Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$270.00	9,720	36	\$245.00	8,820	(900)	-9.3%
Daily Firm Capacity	0		0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	804,734	\$0.03248	26,138	804,734	\$0.03568	28,713	2,575	9.9%
Cost of Gas	804,734	\$0.00000	0	804,734	\$0.00000	0	0	0.0%
TOTAL			35,858			37,533	1,675	4.7%

SVJ-1 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	71	\$250.00	17,750	71	\$220.00	15,620	(2,130)	-12.0%
Daily Firm Capacity	38,140	\$0.18000	6,865	38,140	\$0.23000	8,772	1,907	27.8%
Dist. Per Therm	731,682	\$0.11681	85,468	731,682	\$0.10647	77,902	(7,566)	-8.9%
Cost of Gas	731,682	\$0.00000	0	731,682	\$0.00000	0	0	0.0%
TOTAL			110,083			102,294	(7,789)	-7.1%

LVJ-1 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	538	\$330.00	177,540	538	\$245.00	131,810	(45,730)	-25.8%
Daily Firm Capacity	910,390	\$0.14000	127,455	910,390	\$0.23000	209,390	81,935	64.3%
Dist. Per Therm	52,805,802	\$0.03248	1,715,132	52,805,802	\$0.03568	1,884,111	168,979	9.9%
Cost of Gas	52,805,802	\$0.00000	0	52,805,802	\$0.00000	0	0	0.0%
TOTAL			2,020,127			2,225,311	205,184	10.2%

SLVI-1 Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	180	\$330.00	59,400	180	\$370.00	66,600	7,200	12.1%
Daily Firm Capacity	0	\$0.06200	0	0	\$0.06200	0	0	0.0%
Dist. Per Therm	118,520,312	\$0.00420	497,785	118,520,312	\$0.00420	497,785	0	0.0%
Cost of Gas	118,520,312	\$0.00000	0	118,520,312	\$0.00000	0	0	0.0%
TOTAL			557,185			564,385	7,200	1.3%

SLVI-1 Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$370.00	4,440	480	12.1%
Daily Firm Capacity	0	\$0.06200	0	0	\$0.06200	0	0	0.0%
Dist. Per Therm	2,466,316	\$0.00420	10,359	2,466,316	\$0.01933	47,674	37,315	360.2%
Cost of Gas	2,466,316	\$0.00000	0	2,466,316	\$0.00000	0	0	0.0%
TOTAL			14,319			52,114	37,795	264.0%

SLVJ-1 Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$330.00	7,920	24	\$370.00	8,880	960	12.1%
Daily Firm Capacity	4,094,400	\$0.06200	253,853	4,094,400	\$0.06200	253,853	0	0.0%
Dist. Per Therm	41,289,215	\$0.00420	173,415	41,289,215	\$0.01933	798,121	624,706	360.2%
Cost of Gas	41,289,215	\$0.00000	0	41,289,215	\$0.00000	0	0	0.0%
TOTAL			435,188			1,060,853	625,666	143.8%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

Transport for Resale

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	279,903	\$0.07200	20,153	279,903	\$0.07200	20,153	0	0.0%
Cost of Gas	279,903	\$0.00000	0	279,903	\$0.00000	0	0	0.0%
TOTAL			24,113			23,093	(1,020)	-4.2%

LVJ-1 Mainline Flex Transport (Cust "A")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$270.00	3,240	12	\$245.00	2,940	(300)	-9.3%
Daily Firm Capacity	87,500	\$0.14000	12,250	87,500	\$0.23000	20,125	7,875	64.3%
Dist. Per Therm	5,609,474	\$0.00400	22,438	5,609,474	\$0.00450	25,243	2,805	12.5%
Cost of Gas	5,609,474	\$0.00000	0	5,609,474	\$0.00000	0	0	0.0%
TOTAL			37,928			48,308	10,380	27.4%

LVI-1 Town Plant Flex Transport (Cust "B")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	19,777,919	\$0.00500	98,890	19,777,919	\$0.00500	98,890	0	0.0%
Cost of Gas	19,777,919	\$0.00000	0	19,777,919	\$0.00000	0	0	0.0%
TOTAL			102,850			101,830	(1,020)	-1.0%

LVI-1 Town Plant Flex Transport (Cust "C")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$330.00	1,980	6	\$245.00	1,470	(510)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,773,937	\$0.00700	47,418	6,773,937	\$0.00700	47,418	0	0.0%
Cost of Gas	6,773,937	\$0.00000	0	6,773,937	\$0.00000	0	0	0.0%
TOTAL			49,398			48,888	(510)	-1.0%

LVI-1 Town Plant Flex Transport (Cust "D")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$330.00	1,980	6	\$245.00	1,470	(510)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	9,905,389	\$0.01500	148,581	9,905,389	\$0.01500	148,581	0	0.0%
Cost of Gas	9,905,389	\$0.00000	0	9,905,389	\$0.00000	0	0	0.0%
TOTAL			150,561			150,051	(510)	-0.3%

LVJ-1 Town Plant Flex Transport (Cust "E")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	72,000	\$0.14000	10,080	72,000	\$0.23000	16,560	6,480	64.3%
Dist. Per Therm	8,940,431	\$0.01500	134,106	8,940,431	\$0.01500	134,106	0	0.0%
Cost of Gas	8,940,431	\$0.00000	0	8,940,431	\$0.00000	0	0	0.0%
TOTAL			148,146			153,606	5,460	3.7%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

LVJ-1 Town Plant Flex Transport (Cust "F")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$330.00	11,880	36	\$245.00	8,820	(3,060)	-25.8%
Daily Firm Capacity	61,000	\$0.14000	8,540	61,000	\$0.23000	14,030	5,490	64.3%
Dist. Per Therm	4,462,062	\$0.00900	40,159	4,462,062	\$0.00900	40,159	0	0.0%
Cost of Gas	4,462,062	\$0.00000	0	4,462,062	\$0.00000	0	0	0.0%
TOTAL			60,579			63,009	2,430	4.0%

SVI-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$250.00	12,000	48	\$220.00	10,560	(1,440)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	241,094	\$0.11681	28,162	241,094	\$0.10647	25,669	(2,493)	-8.9%
Cost of Gas	241,094	\$0.00000	0	241,094	\$0.00000	0	0	0.0%
TOTAL			40,162			36,229	(3,933)	-9.8%

SVJ-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$250.00	6,000	24	\$220.00	5,280	(720)	-12.0%
Daily Firm Capacity	12,000	\$0.18000	2,160	12,000	\$0.23000	2,760	600	27.8%
Dist. Per Therm	161,245	\$0.11681	18,835	161,245	\$0.10647	17,168	(1,667)	-8.9%
Cost of Gas	161,245	\$0.00000	0	161,245	\$0.00000	0	0	0.0%
TOTAL			26,995			25,208	(1,787)	-6.6%

LVJ-4 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$330.00	15,840	48	\$245.00	11,760	(4,080)	-25.8%
Daily Firm Capacity	99,000	\$0.14000	13,860	99,000	\$0.23000	22,770	8,910	64.3%
Dist. Per Therm	1,014,636	\$0.03248	32,955	1,014,636	\$0.03568	36,202	3,247	9.9%
Cost of Gas	1,014,636	\$0.00000	0	1,014,636	\$0.00000	0	0	0.0%
TOTAL			62,655			70,732	8,077	12.9%

LVI-5 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	448,051	\$0.03248	14,553	448,051	\$0.03568	15,986	1,434	9.9%
Cost of Gas	448,051	\$0.00000	0	448,051	\$0.00000	0	0	0.0%
TOTAL			18,513			18,926	414	2.2%

LVJ-5 Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$330.00	3,960	12	\$245.00	2,940	(1,020)	-25.8%
Daily Firm Capacity	600	\$0.14000	84	600	\$0.23000	138	54	64.3%
Dist. Per Therm	1,093,495	\$0.03248	35,517	1,093,495	\$0.03568	39,016	3,499	9.9%
Cost of Gas	1,093,495	\$0.00000	0	1,093,495	\$0.00000	0	0	0.0%
TOTAL			39,561			42,094	2,533	6.4%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

SVI-5 Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	48	\$250.00	12,000	48	\$220.00	10,560	(1,440)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	385,082	\$0.11681	44,981	385,082	\$0.10647	41,000	(3,982)	-8.9%
Cost of Gas	385,082	\$0.00000	0	385,082	\$0.00000	0	0	0.0%
TOTAL			56,981			51,560	(5,422)	-9.5%

LVI-1 Town Plant Flex Transport (Cust "G")

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$330.00	11,880	36	\$245.00	8,820	(3,060)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,315,245	\$0.01500	49,729	3,315,245	\$0.01500	49,729	0	0.0%
Cost of Gas	3,315,245	\$0.00000	0	3,315,245	\$0.00000	0	0	0.0%
TOTAL			61,609			58,549	(3,060)	-5.0%

SVI-NMU Consolidated Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$250.00	9,964	36	\$220.00	7,889	(1,076)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	784,506	\$0.09560	74,999	784,506	\$0.10647	83,526	8,528	11.4%
Cost of Gas	784,506	\$0.00000	0	784,506	\$0.00000	0	0	0.0%
TOTAL			83,963			91,415	7,452	8.9%

LVI-NMU Consolidated Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	111	\$330.00	36,667	111	\$245.00	27,223	(9,445)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,154,299	\$0.02846	317,451	11,154,299	\$0.03568	397,985	80,534	25.4%
Cost of Gas	11,154,299	\$0.00000	0	11,154,299	\$0.00000	0	0	0.0%
TOTAL			354,119			425,208	71,089	20.1%

LVI-NMU Consolidated Mainline Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$330.00	0	0	\$245.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.01024	0	0	\$0.03568	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
TOTAL			0			0	0	0.0%

SVJ-NMU Consolidated Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	76	\$250.00	19,075	76	\$220.00	16,786	(2,289)	-12.0%
Daily Firm Capacity	161,588	\$0.18000	29,086	161,588	\$0.23000	37,165	8,079	27.8%
Dist. Per Therm	1,469,122	\$0.09560	140,448	1,469,122	\$0.10647	156,417	15,969	11.4%
Cost of Gas	1,469,122	\$0.00000	0	1,469,122	\$0.00000	0	0	0.0%
TOTAL			188,609			210,369	21,760	11.5%

LVJ-NMU Consolidated Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	65	\$330.00	21,384	65	\$245.00	15,876	(5,508)	-25.8%
Daily Firm Capacity	87,220	\$0.14000	12,211	87,220	\$0.23000	20,061	7,850	64.3%
Dist. Per Therm	3,001,805	\$0.02846	85,431	3,001,805	\$0.03568	107,104	21,673	25.4%
Cost of Gas	3,001,805	\$0.00000	0	3,001,805	\$0.00000	0	0	0.0%
TOTAL			119,026			143,041	24,015	20.2%

MINNESOTA ENERGY RESOURCES CORPORATION
 COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

SLVI-NMU Consolidated Town Plant Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	100	\$330.00	33,000	100	\$370.00	37,000	4,000	12.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,591,025	\$0.00850	56,024	6,591,025	\$0.00850	56,024	0	0.0%
Cost of Gas	6,591,025	\$0.00000	0	6,591,025	\$0.00000	0	0	0.0%
TOTAL			89,024			93,024	4,000	4.5%

SLVI-NMU Consolidated Town Plant Transport-CIP Applicable

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$330.00	7,920	24	\$370.00	8,880	960	12.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	36,744,719	\$0.00850	312,330	36,744,719	\$0.02363	868,278	555,948	178.0%
Cost of Gas	36,744,719	\$0.00000	0	36,744,719	\$0.00000	0	0	0.0%
TOTAL			320,250			877,158	556,908	173.9%

SVI-NMU NNG Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	25	\$250.00	6,286	25	\$220.00	5,531	(754)	-12.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	549,953	\$0.09560	52,576	549,953	\$0.10647	58,554	5,978	11.4%
Cost of Gas	549,953	\$0.00000	0	549,953	\$0.00000	0	0	0.0%
TOTAL			58,861			64,085	5,224	8.9%

LVI-NMU NNG Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	29	\$330.00	9,533	29	\$245.00	7,077	(2,455)	-25.8%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	29,892	\$0.02846	851	29,892	\$0.03568	1,067	216	25.4%
Cost of Gas	29,892	\$0.00000	0	29,892	\$0.00000	0	0	0.0%
TOTAL			10,383			8,144	(2,240)	-21.6%

LVI-NMU NNG Mainline Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$330.00	0	0	\$245.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.01024	0	0	\$0.03568	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
TOTAL			0			0	0	0.0%

SVJ-NMU NNG Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	35	\$250.00	8,675	35	\$220.00	7,634	(1,041)	-12.0%
Daily Firm Capacity	15,012	\$0.18000	2,702	15,012	\$0.23000	3,453	751	27.8%
Dist. Per Therm	73,410	\$0.09560	7,018	73,410	\$0.10647	7,816	798	11.4%
Cost of Gas	73,410	\$0.00000	0	73,410	\$0.00000	0	0	0.0%
TOTAL			18,395			18,903	508	2.8%

LVJ-NMU NNG Town Plant Transport

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	14	\$330.00	4,686	14	\$245.00	3,479	(1,207)	-25.8%
Daily Firm Capacity	0	\$0.14000	0	0	\$0.23000	0	0	0.0%
Dist. Per Therm	32,939	\$0.02846	937	32,939	\$0.03568	1,175	238	25.4%
Cost of Gas	32,939	\$0.00000	0	32,939	\$0.00000	0	0	0.0%
TOTAL			5,623			4,654	(969)	-17.2%

SLVI-NMU NNG Town Plant Transport-CIP Exempt

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$330.00	0	0	\$370.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.00850	0	0	\$0.00850	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
TOTAL			0			0	0	0.0%

Schedule C – Redlined and Clean Tariff Sheets

Redlined Tariff Sheets

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Issued By: J F Schott
 VP Regulatory Affairs

*Effective Date: ~~January 1, 2010~~December 1, 2012
 Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

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Issued By: J F Schott
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*Effective with bills issued on and after this date.

MINNESOTA CITIES SERVED BY ~~MERC~~ ~~PNG~~

Ada	Eagan	Lewiston
<u>Aitkin</u>	Elgin	Mabel
Alden	Elko	Madison
Altura	Ellendale	Mantorville
Appleton	Emmons	<u>Marble</u>
Audubon	Empire	Mayhew
<u>Aurora</u>	<u>Eveleth</u>	<u>Menahga</u>
<u>Barnum</u>	Eureka Township	<u>Midway</u>
<u>Baudette</u>	Eyota	<u>Moose Lake</u>
Bemidji	Fairmont	<u>Moose Lake Township</u>
<u>Bertha</u>	Farmington	Mora
<u>Biwabik</u>	<u>Fayal Township</u>	<u>Motley</u>
Blooming Prairie	Finlayson <u>Floodwood</u>	<u>Mountain Iron</u>
<u>Bovey</u>	Fountain	Mountain Lake
Brewster	Frazee	<u>Nashwauk</u>
Brownsdale	Freeborn	New Market
<u>Buhl</u>	<u>Gilbert</u>	New Market Township
Butterfield	<u>Grand Lake Township</u>	New Richland New Scandia
Byron	<u>Grand Rapids</u>	Township
Caledonia	Harmony	North Branch
<u>Calumet</u>	Harris	Northrop
Camp Ripley*	Hayfield	Oakland
Canby	Hayward	Oronoco
Cannon Falls	Hendricks	Ortonville
<u>Canosia Township (Duluth)</u>	<u>Hermantown</u>	<u>Pengilly</u>
Canton	<u>Hewitt</u>	Peterson
<u>Carlton</u>	Hinckley	Pine City
Castle Rock	Houston	Pine Island
Chatfield	Hoyt Lakes	Plainview
<u>Chisholm</u>	<u>International Falls</u>	Pokegama Township
Claremont	<u>Ironton</u>	Preston
<u>Cloquet</u>	Ivanhoe	Prior Lake
<u>Cohasset</u>	Jackson	<u>Proctor</u>
<u>Coleraine</u>	Kasson	Randolph Township
Cottage Grove	<u>Keewatin</u>	<u>Ranier</u>
Cottonwood	Kenyon	Revere
Credit River	<u>Kettle River</u>	<u>Riverton</u>
<u>Crosby</u>	LaCrescent	Rochester
<u>Deer River</u>	<u>LaPrairie</u>	<u>Roseau</u>
<u>Deerwood</u>	Lakefield	Rosemount
Detroit Lakes	Lakeville	Rush City
Dodge Center	Lamberton	Rushford
Dover	Lanesboro	Rushford Village
<u>Duluth</u>	Lansing Township	Sanborn
Dunnell	<u>Leonadis</u>	Sandstone

Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective with bills issued on and after this date.

MINNESOTA CITIES SERVED BY MERC (Continued)

Scanlon
Sebeka
Silver Bay
Silver Brook Township
Sherburn
Spring Grove
Spring Lake Township
Spring Valley
Staples
St. Charles
Stewartville
Sturgeon Lake
Tracy
Thief River Falls
Trimont
Truman
Twin Lakes
Twin Lake Township
Utica
Verndale
Viola
Wadena
Walnut Grove
Waltham
Wanamingo
Warroad
Webster Township
Welcome
Wells
West Concord
Willow River
Windemere Township
Windom
Worthington
Wrenshall
Zemple
Zumbrota

Issued By: J F Schott

*Effective Date: December 1, 2012

VP Regulatory Affairs

Proposed Effective Date: December 1, 2012

Submittal Date: ~~November 30, 2010~~

*Effective with bills issued on and after this date.

MINNESOTA COUNTIES SERVED BY ~~MERC~~ ~~PNG~~

<u>Aitkin</u>	<u>Roseau</u>
Becker	Scott
Beltrami	Steele
Benton	<u>St. Louis</u>
Big Stone	Swift
<u>Carlton</u>	<u>Todd</u>
<u>Cass</u>	Wabasha
Chisago	<u>Wadena</u>
Cottonwood	Waseca
<u>Crow Wing</u>	Washington
Dakota	Watonwan
Dodge	Winona
Faribault	Yellow Medicine
Fillmore	
Freeborn	
Goodhue	
Houston	
<u>Hubbard</u>	
<u>Itasca</u>	
Jackson	
Kanabec	
<u>Koochiching</u>	
Lac qui Parle	
<u>Lake</u>	
<u>Lake of the Woods</u>	
Lincoln	
Lyon	
Martin	
Morrison	
Mower	
Murray	
Nobles	
Norman	
Olmsted	
<u>Ottertail</u>	
<u>Pennington</u>	
Pine	
Redwood	
Rice	

Issued By: J F Schott
VP Regulatory Affairs
2012

Submittal Date: September 21, 2009 November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: January 1, 2010 December 1, 2012
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INDEX OF SERVICE AREAS SERVED BY MERC—NMU

LIST OF CITIES

Aitkin	Fayal Township	Nashwauk
Aurora	Floodwood	Park Rapids
Barnum	Gilbert	Pengilly
Baudette	Grand Lake Township	Proctor
Bertha	Grand Rapids	Ranier
Biwabik	Hermantown	Riverton
Bovey	Hewitt	Roseau
Buhl	International Falls	Seanton
Calumet	Ironton	Sebeka
Canosia Township (Duluth)	Keewatin	Silver Bay
Carlton	Kettle River	Silver Brook Township
Chisholm	LaPrairie	Staples
Cloquet	Leonadis	Thief River Falls
Cohasset		Verndale
Coleraine		Wadena
Crosby		Warroad
Deer River		Windemere Township
Deerwood		Wrenshall
Duluth		Zemple
Eveleth		

LIST OF COUNTIES

Aitkin	Itasea	Pennington
Carlton	Koochiching	Roseau
Cass	Lake	St. Louis
Crow Wing	Lake of the Woods	Todd
Hubbard	Ottertail	Wadena

CANCELED

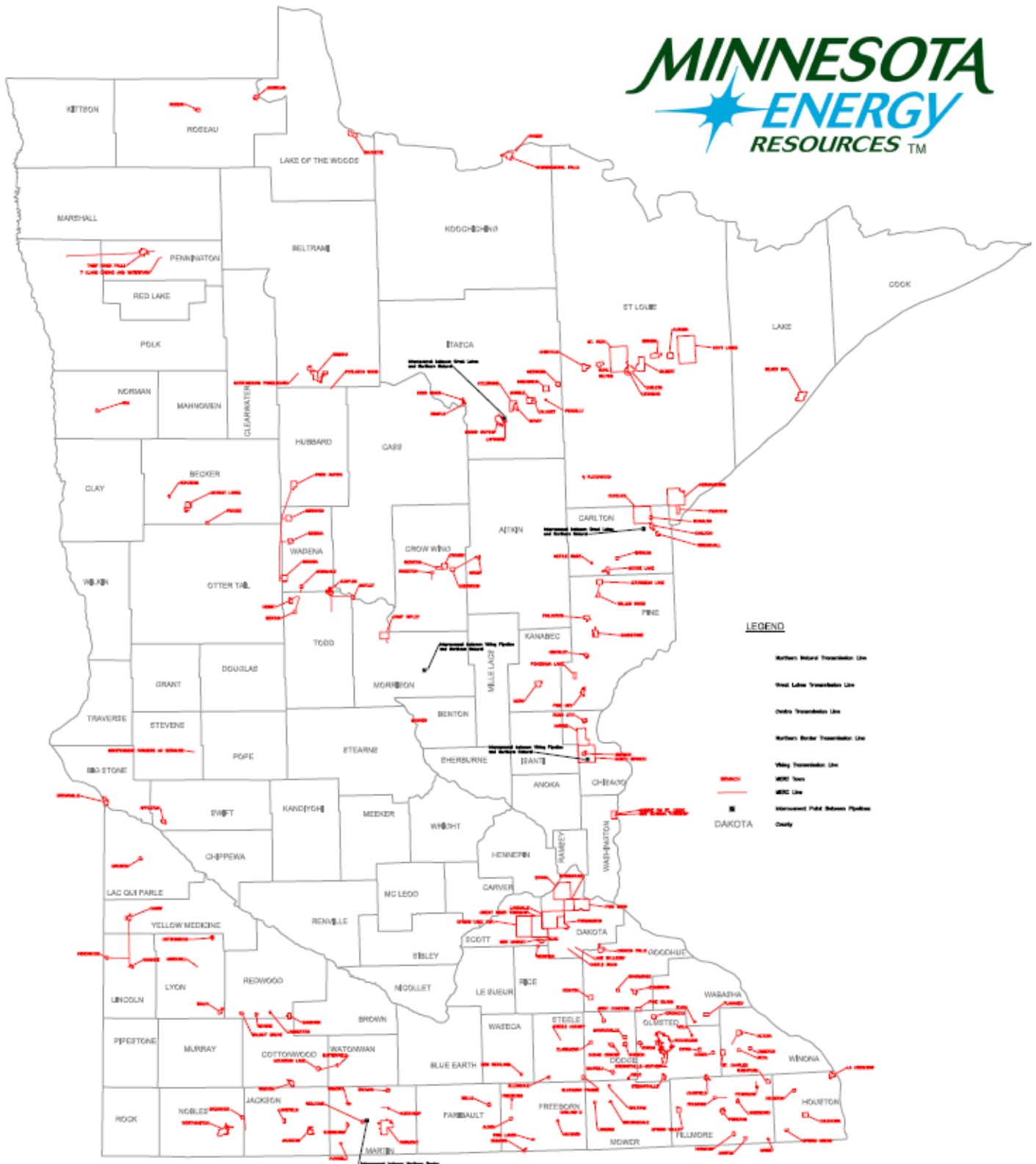
Issued By: J F Schott
VP Regulatory Affairs
2012

Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

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~~MERC—PNG~~

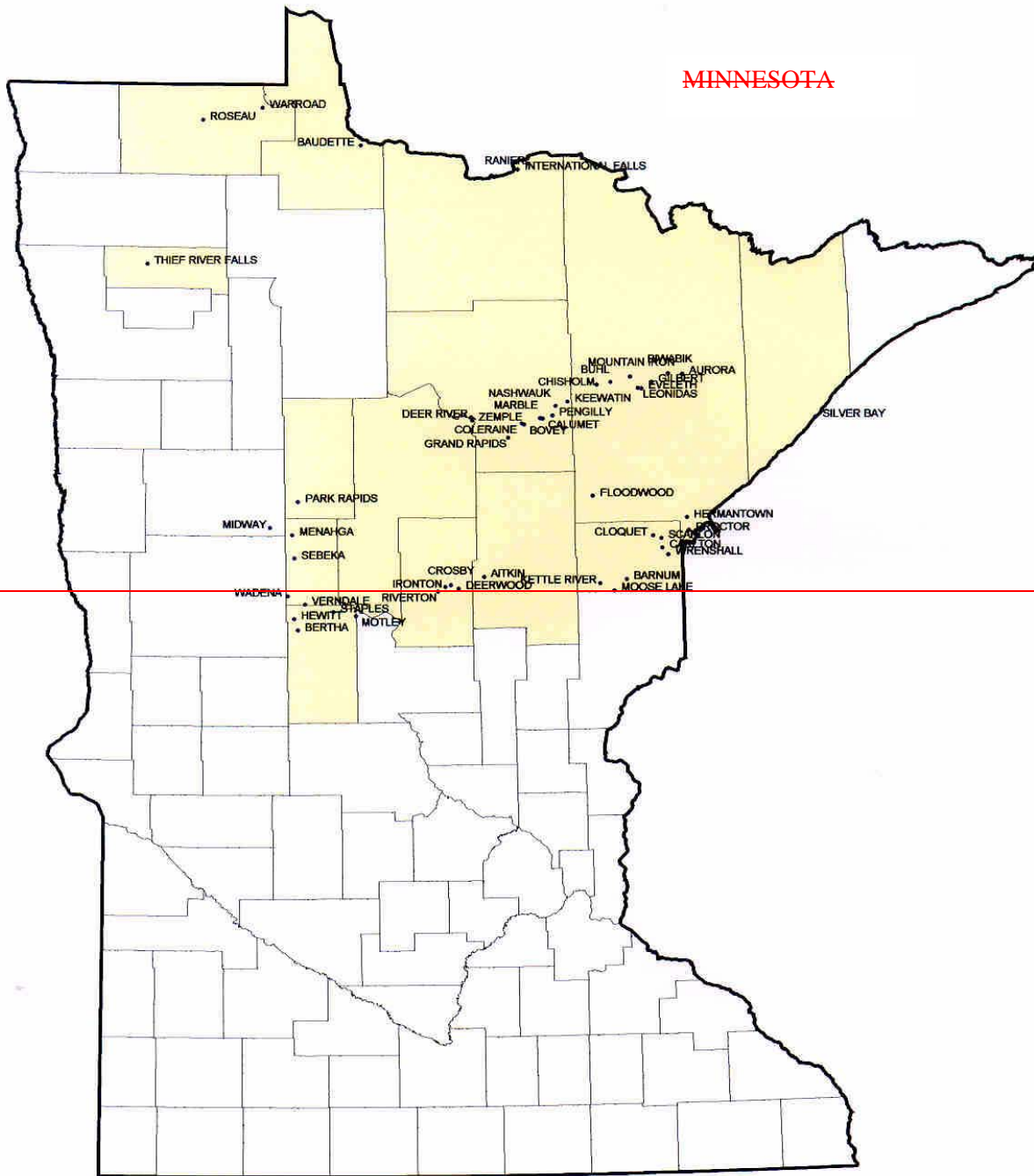


Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~ November 30, 2010
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~~MERC-NMU~~

MINNESOTA



~~CANCELED~~

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CONTACT LIST

The following list sets out Company's management personnel who are authorized to receive, act upon and respond to communications from the Commission. In each instance, the individuals are listed in order of who should be first contacted under each category. The phone listing shows the business number first and residential number second.

A. General Management Duties:

1. Tariff Rates, Financial Data and All Other Items Not Specifically Covered Below:

Jim Schott, Vice President, Regulatory Affairs
(920) 433-1350
(920) 680-6806

Greg Walters, Manager Regulatory Services
(507) 529-5100

2. Tariff Rules and Regulations; Pass along Increases and Related Refunds:

Jim Schott, Vice President, Regulatory Affairs
(920) 433-1350
(920) 680-6806

Greg Walters, Manager Regulatory Services
(507) 529-5100

B. Customer Relations:

~~Kathleen Tverberg—Customer Services Manager for Minnesota~~
~~Nancy Lilienthal—Senior Administrative Assistant~~
~~(651) 322-8924 (651) 322-8902~~

~~Valerie Ivers—Minnesota Project Manager~~ ~~David Perron—Business Services Manager~~
~~(651) 322-8908 (651) 322-8920~~

C. Emergencies - Non-Office Hours:

Emergency telephone numbers of the Company in each community served are listed in the telephone directory for that community. After hours, ~~MERC—PNG and MERC—NMU~~ can also be reached at 1-800-889-9508 for customer services and at 1-800-889-4970 for emergencies.

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TECHNICAL TERMS AND ABBREVIATIONS

Company does not employ any technical or special terms which are unique to the application of any of its rate schedules, rules or regulations. All terms used by the Company are common terms in the industry. For clarification purposes such terms are defined in Rules and Regulations.

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RATE SCHEDULE GS-~~NNG~~ GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in ~~MERC's—PNG~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
3. Rates: Base rate of gas @ ~~\$0.743770-69600~~ per therm
 - A. Residential
Customer Charge per Month - ~~\$8.509-507.25~~
Distribution Charge @ ~~\$0.217480-17746~~ per therm
 - B. Commercial and Industrial - 1,500 therms or less per Year
Customer Charge per Month - ~~\$14.50-12.00~~
Distribution Charge @ ~~\$0.205310-15022~~ per therm
 - C. Commercial and Industrial - Over 1,500 therms per Year
Customer Charge per Month - ~~\$35.00-19.50-17.00~~
Distribution Charge @ ~~\$0.188620-14984~~ per therm

Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC's—PNG and MERC—NMU~~ Minnesota General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs
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~~RATE SCHEDULE GS - NMU GENERAL SERVICE~~

- ~~1. Availability: This rate shall be available to any customer located along MERC - NMU (NMU) owned gas mains or to any customer to whom NMU is willing to extend its mains and provide service subject to the approval of the application for natural gas service by a NMU representative and availability of gas supply.~~
- ~~2. Character of Service: Service hereunder shall be firm and not subject to interruption except by force majeure or curtailment under an MPUC approved curtailment plan.~~
- ~~3. Rates: Base rate of gas @ \$0.68980 per therm
 - ~~A. Residential
Customer Charge per Month \$7.25
Distribution Charge @ \$0.21759 per therm~~
 - ~~B. Commercial and Industrial - 1,500 therms or less per Year
Customer Charge per Month \$12.00
Distribution Charge @ \$0.18564 per therm~~
 - ~~C. Commercial and Industrial - Over 1,500 therms per Year
Customer Charge per Month \$17.00
Distribution Charge @ \$0.19660 per therm~~~~
- ~~4. PGA: Rates as set forth above are subject to a Purchase Gas Adjustment (PGA) charge per therm which may be approved, ordered or set by any valid law, order, rule or regulation of any legislative body or regulatory authority now or hereafter having jurisdiction.~~
- ~~5. Measurement: The standard unit of measurement is a therm. Customer billed therm consumption will be adjusted when the heat content of the natural gas delivered varies from 1,000 Btu per cubic foot.~~
- ~~6. Minimum Charge: The minimum monthly charge shall be the monthly fixed charge.~~
- ~~7. Tax: Sales tax will be assessed in accordance with the state and local government laws establishing sales tax rates and conditions of applicability for such sales taxes.~~
- ~~8. Term of Contract: Customers may terminate service contracts by seven days written notice. Company may terminate service contracts consistent with the requirements of Minn. Rule Ch. 7820 (1985).~~
- ~~9. Late Payment Charge: All bills are due and payable when rendered. If payment is not received as set forth below, and the delinquent amount exceeds \$10.00, a late payment charge of 1.5% of the unpaid balance will be added to the delinquent amount. The minimum late payment charge in any month will be \$1.00.
~~Residential - The late payment charge will be added to the unpaid balances which exist on the next subsequent billing date. In order that payments may be credited on a timely basis they must be received by the due date set forth on the monthly statement, which shall be at least 25 days from the date of billing.~~
~~Nonresidential - The late payment charge will be added to all balances not paid by the due date which shall be 15 days from the date of billing.~~~~
- ~~10. General Terms and Conditions: All of the General Terms and Conditions are applicable to this rate schedule and are hereby made a part hereof.~~

~~CANCELED~~

Issued By: J F Schott
VP Regulatory Affairs

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RATE SCHEDULE GS-~~CONSOLIDATED~~⁴ GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in ~~MERC's—PNG~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
3. Rates: Base rate of gas @ ~~\$0.652860.71150~~ per therm
 - A. Residential
Customer Charge per Month - ~~\$8.509.507.25~~
Distribution Charge @ ~~\$0.217480.17746~~ per therm
 - B. Commercial and Industrial - 1,500 therms or less per Year
Customer Charge per Month - ~~\$14.5012.00~~
Distribution Charge @ ~~\$0.205310.15022~~ per therm
 - C. Commercial and Industrial - Over 1,500 therms per Year
Customer Charge per Month - ~~\$35.0019.5017.00~~
Distribution Charge @ ~~\$0.188620.14984~~ per therm

Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC's—PNG and MERC—NMU~~ General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

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VP Regulatory Affairs

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RATE SCHEDULE GS-5 GENERAL SERVICE

- ~~1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Great Lakes Transmission Company in ~~MERC—PNG~~ Minnesota Service Area.~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.~~
- ~~3. Rates: Base rate of gas @ \$0.65237 per therm A. Residential
Customer Charge per Month \$7.25
Distribution Charge @ \$0.17746 per therm
B. Commercial and Industrial—1,500 therms or less per Year
Customer Charge per Month \$12.00
Distribution Charge @ \$0.15022 per therm
C. Commercial and Industrial—Over 1,500 therms per Year
Customer Charge per Month \$17.00
Distribution Charge @ \$0.14984 per therm~~

~~— Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment—Uniform Clause.~~

~~— Monthly Minimum Bill: The minimum bill is the customer charge.~~

~~— Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.~~

~~— Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC—PNG~~ and ~~MERC—NMU~~'s General Rules, Regulations, Terms and Conditions.~~

~~— Btu's will be calculated on an arithmetic average.~~

- ~~4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
- ~~5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

RATE SCHEDULE SVI-~~NNG~~ SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in ~~MERC's~~ ~~(PNG)~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of ~~MERC~~~~PNG~~. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERC~~~~PNG~~'s service to such customer is interrupted. At ~~MERC~~~~PNG~~'s request, the customer must demonstrate that it has such capability and fuel supplies. If customer or ~~MERC~~~~PNG~~ thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the ~~MERC~~~~PNG~~ to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if ~~MERC~~~~PNG~~'s service to such customer is interrupted. At ~~MERC~~~~PNG~~'s request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge \$~~150.00~~~~85.00~~~~80.00~~ per meter
Base rate of gas @ \$~~0.5748~~~~30.57~~~~872~~ per therm
Distribution charge @ \$~~0.1208~~~~60.11~~~~681~~ per therm
 - B. The rate per therm of daily firm capacity, if any, shall be \$~~1.9562~~~~01.34~~~~177~~ per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.
 - C. ~~Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - D. ~~Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.~~

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC—PNG and MERC—NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. ~~Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~
6. ~~Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable~~

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VP Regulatory Affairs
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RATE SCHEDULE SVI-~~NNG~~ SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE SVI NMU SMALL VOLUME INTERRUPTIBLE SERVICE

- ~~1. Availability: Service under this rate schedule is available to towns and to related rural areas in MERC - NMU (NMU) Minnesota Service Area.~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of NMU. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or NMU thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by NMU to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies.~~
- ~~3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day.~~
- ~~4. Rates:
 - ~~A. Per month: Customer Charge \$80.00 per meter
Base rate of gas @ \$0.57726 per therm
Distribution charge @ \$0.09560 per therm~~
 - ~~B. The rate per therm of daily firm capacity, if any, shall be \$1.03302 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.~~

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC - PNG and MERC - NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~
- ~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

CANCELED

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~~RATE SCHEDULE SVI NMU SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)~~

- ~~6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~
- ~~8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

RATE SCHEDULE SVI-~~CONSOLIDATED~~4 SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in ~~MERC's~~ ~~(PNG)~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of ~~MERC~~PNG. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERC~~PNG's service to such customer is interrupted. At ~~MERC~~PNG's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or ~~MERC~~PNG thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by ~~MERC~~PNG to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if ~~MERC~~PNG's service to such customer is interrupted. At ~~MERC~~PNG's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge ~~\$150.0085.0080.00~~ per meter
Base rate of gas @ ~~\$0.546470.58560~~ per therm
Distribution charge @ ~~\$0.120860.11681~~ per therm
 - B. The rate per therm of daily firm capacity, if any, shall be ~~\$0.568800.34671~~ per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of~~

~~Purchase Gas Adjustment Uniform Clause.~~

~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC—PNG and MERC—NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~

~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

RATE SCHEDULE SVI-~~CONSOLIDATED~~⁴ SMALL VOLUME INTERRUPTIBLE SERVICE
(Continued)

C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date: ~~October 23, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

~~RATE SCHEDULE SVI 5 SMALL VOLUME INTERRUPTIBLE SERVICE~~

- ~~1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Great Lakes Transmission Company in ~~MERC—PNG (PNG) Minnesota Service Area.~~~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of PNG. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or PNG thinks maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by PNG to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies.~~
- ~~3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day.~~
- ~~4. Rates:
 - ~~A. Per month: Customer Charge \$80.00 per meter
Base rate of gas @ \$0.57332 per therm
Distribution charge @ \$0.11681 per therm~~
 - ~~B. The rate per therm of daily firm capacity, if any, shall be \$0.34580 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.~~

~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC—PNG~~ and ~~MERC—NMU's~~ General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~~~
- ~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

~~RATE SCHEDULE SVI-5 SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)~~

- ~~6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~
- ~~8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

RATE SCHEDULE LVI-~~NNG~~ 1 LARGE VOLUME INTERRUPTIBLE SERVICE ~~TOWN PLANT~~

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in ~~MERC's~~ ~~—PNG (PNG)~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of ~~MERC~~ PNG. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERC~~ PNG's service to such customer is interrupted. At ~~MERC~~ PNG's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. ~~MERC~~ PNG will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if ~~MERC~~ PNG's service to such customer is interrupted. At ~~MERC~~ PNG's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge ~~\$175.00~~ 160.00 per meter
Base rate of gas @ ~~\$0.574830~~ 0.57872 per therm
Distribution charge @ ~~\$0.035680~~ 0.03248 per therm
 - B. The rate per therm of daily firm capacity, if any, shall be ~~\$1.95620~~ 1.34177 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.
 - C. ~~Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - D. ~~Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.~~

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.
Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC—PNG~~

~~and MERC—NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~

~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE LVI-~~NNG~~NNG LARGE VOLUME INTERRUPTIBLE SERVICE ~~TOWN PLANT~~
(Continued)

C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~November 30, 2010

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

~~RATE SCHEDULE LVI TP NMU LARGE VOLUME INTERRUPTIBLE SERVICE TOWN PLANT~~

- ~~1. Availability: Service under this rate schedule is available to towns and to related rural areas in MERC—NMU (NMU) Minnesota Service Area.~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of NMU. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. NMU will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies.~~
- ~~3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year.~~
- ~~4. Rates:
 - ~~A. Per month: Customer Charge \$160.00 per meter
Base rate of gas @ \$0.57726 per therm
Distribution charge @ \$0.02846 per therm~~
 - ~~B. The rate per therm of daily firm capacity, if any, shall be \$1.03302 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers; or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment Uniform Clause.~~~~

~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC—PNG and MERC—NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~
- ~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

CANCELED

~~RATE SCHEDULE LVI TP—NMU LARGE VOLUME INTERRUPTIBLE SERVICE TOWN PLANT
(Continued)~~

- ~~6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph “4” plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~
- ~~8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

RATE SCHEDULE LVI-~~CONSOLIDATED~~⁴ LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in ~~MERC's~~ ~~PNG~~ ~~(PNG)~~ Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of ~~MERC~~~~PNG~~. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERC~~~~PNG~~'s service to such customer is interrupted. At ~~MERC~~~~PNG~~'s request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. ~~MERC~~~~PNG~~ will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if ~~MERC~~~~PNG~~'s service to such customer is interrupted. At ~~MERC~~~~PNG~~'s request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge - ~~\$175.00~~~~160.00~~ per meter
Base rate of gas @ ~~\$0.546470~~~~58560~~ per therm
Distribution charge @ ~~\$0.035680~~~~03248~~ per therm
 - B. The rate per therm of daily firm capacity, if any, shall be ~~\$0.568800~~~~34671~~ per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.
 - C. ~~Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - D. ~~Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.~~

~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC PNG and MERC NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~

5. ~~Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~January 21, 2010~~ November 30, 2010

*Effective Date: ~~April 21, 2010~~ December 1, 2012
Proposed Effective Date: ~~March 22, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

RATE SCHEDULE LVI-~~CONSOLIDATED-4~~ LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
8. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~January 21, 2010~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~April 21, 2010~~ December 1, 2012
Proposed Effective Date: ~~March 22, 2010~~ December 1, 2012

~~RATE SCHEDULE LVI-1 LARGE VOLUME INTERRUPTIBLE SERVICE MAINLINE~~

- ~~1. Availability: Service under this rate schedule is available to mainline customers in ~~MERC—PNG~~ (PNG) Minnesota Service Area.~~
 - ~~2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of PNG. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. PNG will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies.~~
 - ~~3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year.~~
 - ~~4. Rate:
 - ~~A. Per Month: Customer Charge \$160.00 per meter
Base rate of gas @ \$0.57872 per therm
Distribution charge @ \$0.03248 per therm~~
 - ~~B. The rate per therm of daily firm capacity, if any, shall be \$1.34177 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1, whichever is greater, shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment Uniform Clause.~~~~
- ~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC—PNG~~ and ~~MERC—NMU~~'s General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~
- ~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

~~RATE SCHEDULE LVI-1 LARGE VOLUME INTERRUPTIBLE SERVICE MAINLINE (Continued)~~

- ~~6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20 per dekatherm so taken, whichever is applicable.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~
- ~~8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

~~RATE SCHEDULE LVI—ML—NMU LARGE VOLUME INTERRUPTIBLE SERVICE MAINLINE~~

- ~~1. Availability: Service under this rate schedule is available to mainline customers in MERC—NMU (NMU) Minnesota Service Area.~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of NMU. Customer must have and maintain both proven capability and adequate fuel supplies to use alternative fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. NMU will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if NMU's service to such customer is interrupted. At NMU's request, the customer must demonstrate that it has such capability and fuel supplies.~~
- ~~3. Rate:
 - ~~A. Per Month: Customer Charge \$160.00 per meter
Base rate of gas @ \$0.57726 per therm
Distribution charge @ \$0.01024 per therm~~
 - ~~B. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1, whichever is greater, shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~C. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment Uniform Clause.~~
~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC—PNG and MERC—NMU's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~~~
- ~~4. Monthly Minimum Bill: The monthly minimum bill is the customer charge.~~
- ~~5. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "3" plus either the charge from pipeline (see Sheet 6.50) or \$20 per dekatherm so taken, whichever is applicable.~~
- ~~6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~

CANCELED

RATE SCHEDULE LVI 5 LARGE VOLUME INTERRUPTIBLE SERVICE TOWN PLANT

- ~~1. Availability: Service under this rate schedule is available to towns supplied through Great Lakes Transmission Company in MERC—PNG (PNG) Minnesota Service Area.~~
- ~~2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of PNG. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. PNG will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if PNG's service to such customer is interrupted. At PNG's request, the customer must demonstrate that it has such capability and fuel supplies.~~
- ~~3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year.~~
- ~~4. Rates:
 - ~~A. Per month: Customer Charge \$160.00 per meter
Base rate of gas @ \$0.57332 per therm
Distribution charge @ \$0.03248 per therm~~
 - ~~B. The rate per therm of daily firm capacity, if any, shall be \$0.34580 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~
 - ~~C. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers; or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is \$10 or less.~~
 - ~~D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.~~

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of ~~MERC—PNG and MERC—NMU's~~ General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.~~
- ~~5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.~~

CANCELED

~~RATE SCHEDULE LVI-5 LARGE VOLUME INTERRUPTIBLE SERVICE TOWN PLANT (Continued)~~

- ~~6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.~~
- ~~7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~
- ~~8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.~~

CANCELED

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~October 23, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.
2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERC—PNG~~'s service to such customer is interrupted. At ~~MERC—PNG~~'s request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms.
3. Rate:
 - A. The customer charge shall be ~~\$250.00~~~~300.00~~~~160.00~~ per month per meter ~~for sales customers and \$170.00 per month per metered account for transportation customers.~~
 - B. The rate per therm of daily firm capacity shall be ~~\$1.95620~~~~1.34177~~ per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.
 - C. The base rate of gas is ~~\$0.574830~~~~57872~~ per therm, and the distribution charge is \$0.00420 per therm.
 - D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
 - E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

~~Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.~~

~~Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of ~~MERC—PNG~~ and ~~MERC—NMU~~'s General Rules, Regulations, Terms and Conditions.~~

~~Btu's will be calculated on an arithmetic average.~~

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE (CONTINUED)

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
9. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION RATE SCHEDULE

1. Availability: Service under this rate schedule is available to any non-general service end-use customer who purchases gas supplies that can be transported on a firm or interruptible basis by ~~MERC—PNG and MERC—NMU~~. Service hereunder shall be offered on a firm or interruptible basis contingent upon adequate interstate pipeline system capacity. Transportation service is not available to general service customers. Transportation is only allowed on open access pipelines (Centra is the only non-open access pipeline).

Service will be provided on a firm basis only if the customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and the customer has provided to Company a joint affidavit confirming this signed by the customer and, if applicable, the marketer. Interruptible transportation is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such customer is interrupted. At Company's request, the customer must demonstrate that it has such capability and fuel supplies.

Class of Service: Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes:

Small Volume Interruptible Service

Large Volume Interruptible Service

~~Large Volume Interruptible Service Mainline~~

Small Volume Joint Firm/Interruptible Service

Large Volume Joint Firm/Interruptible Service

~~Large Volume Joint Firm/Interruptible Service Mainline~~

Super Large Volume Service

Super Large Volume Interruptible ~~Town Plant—NMU~~ Transport (See Rate Schedule Sheet Nos. 6.20 and 6.25) only available for transportation not sales service.

2. Rate:
Fixed Rate

Customer Charge - ~~\$70.00~~~~170.00~~ per month per metered account for administrative costs related to transportation plus the monthly customer charge according to the applicable sales rate schedule for which the customer would otherwise qualify.

Daily Firm Capacity Charge

If applicable is at the rate set in the customer's regular sales tariff schedule as shown on Sheet 7.07, Column F.

Commodity Charge

All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for such customer as shown on Sheet 7.07, Column D. In addition, the customer must pay for all fixed gas costs assigned to the customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following:

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

TRANSPORTATION RATE SCHEDULE (Continued)

Daily Firm Capacity Charge
Annual Cost Adjustment Charges
Any other Fixed costs passed on by the pipeline, applicable for recovery

Additional costs will be assigned as they are authorized by the FERC or Minnesota Public Utilities Commission to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all firm volumes delivered from system gas supply shall be charged the rate set in the appropriate sales tariff schedule.

3. Special Conditions:

- A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.
- B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.
- C. All Large Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. All Small Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. Customers must reimburse Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.
- D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
- E. The order of gas delivery for purposes of billing will be as follows:
 - a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per Company's applicable sales tariffs.
- F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.
- G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and after giving the Company one month advance notice. A transportation service customer must stay on Transportation Service for 12 months and may not transfer to sales service until the first September 1st after using Transportation Service for twelve months. Customers wishing to transfer to sales service must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to

TRANSPORTATION RATE SCHEDULE (Continued)

firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. ~~These same rules apply for small volume transportation service except that small volume customers are required to stay on transportation service for only six months and are not subject to the September 1st transfer date.~~

~~Notwithstanding the provisions of this Section, customers transporting gas for seasonal non-winter peaking purposes lasting less than six months shall be allowed to transfer to sales service at any time after providing one month's written notice, and do not have to be on transportation service for any specific period of time. If a sales customer is interrupted/curtailed from sales service it can transport during curtailment if there is adequate capacity on the system and the customer has arranged for adequate interstate pipeline capacity. The transportation administrative fee would apply.~~

- H. Joint rate transportation service customers can select one of the following two options:
- 1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).
 - 2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a joint affidavit signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

Customers purchasing interstate pipeline capacity from third party non-regulated suppliers must be able to demonstrate they have been provided the necessary units of interstate pipeline capacity to meet their firm needs. Customers who have previously entered into contracts with Company for the purchase of interstate pipeline capacity are responsible for completing their contract obligations.

4. BTU Adjustment: Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.
5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

6. Balancing: To assure Company's system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points.

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges as described below.

These charges are applicable only to Company's town plant customers whose supply requirements could impact other customers and do not apply to Company's mainline customers who are the only customer taking gas at those points or ~~MERC—NMU's Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ Transport or SLVI-Consolidated Transport customers. However, each mainline or ~~Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ Transport and SLVI-Consolidated Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur.

Daily Scheduling Charges

This section is applicable to all transportation customers except for Company's mainline or ~~Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ Transport or SLVI-Consolidated Transport customers. Mainline or ~~Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

Northern Natural Gas

- A. A tolerance of +/-5% of confirmed nomination will be applied
- B. For consumption within tolerance, no scheduling charges will be applied.
- C. For consumption outside tolerance, a scheduling charge shall be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area.

On days that Northern Natural Gas calls a **System Overrun Limitation** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
 - 1. For consumption up to 105% of confirmed nomination, \$1.00 per dekatherm in excess of confirmed nomination up to 105%.
 - 2. For consumption greater than 105% of confirmed nomination, \$10.66 per dekatherm in excess of 105% of confirmed nomination.
- B. For consumption less than the confirmed nomination, there is no charge.

On days that Northern Natural Gas calls a **System Underrun Limitation** the following charges will be in effect:

TRANSPORTATION RATE SCHEDULE (Continued)

- A. For consumption greater than the confirmed nomination, there is no charge.
- B. For consumption less than the confirmed nomination, \$1.00 per dekatherm.

On days that Northern Natural Gas calls a **Critical Day** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
 - a. For consumption up to 102% of confirmed nomination, \$15.00 per dekatherm in excess of confirmed nomination up to 102%.
 - b. For consumption greater than 102% up to 105% of confirmed nomination, \$22.00 per dekatherm in excess of 102% up to 105% of confirmed nomination.
 - c. For consumption greater than 105% up to 110% of confirmed nomination, \$56.50 per dekatherm in excess of 105% up to 110% of confirmed nomination.
 - d. For consumption greater than 110% of confirmed nomination, \$113.00 per dekatherm in excess of 110% of confirmed nomination.

- B. For consumption less than the confirmed nomination, there is no charge.

These charges are in addition to any Company charges, as provided for in Company tariff, for unauthorized takes of gas when service is interrupted.

Great Lakes and Viking

Any penalties incurred as a result of the customer will be passed along to the customer.

Any upstream costs that can be specifically identified as being caused by a specific end use customer will be assigned to that customer.

These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

Monthly Imbalances: This Section is applicable to all transportation customers except for Company's mainline or ~~Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ Transport and SLVI-Consolidated customers. Mainline or ~~Super Large Volume Interruptible—Town Plant—NMU—SLVI—NNG~~ and SLVI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure:

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas

The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period.

The MIPs shall be determined as follows:

High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be \$0.07/dekatherm.

Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

<u>Imbalance Level</u>	<u>Due Company</u>	<u>Due Customer</u>
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:

If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of \$2.23: (*)

TRANSPORTATION RATE SCHEDULE (Continued)

3 dekatherm at MIP * 100%	\$ 6.69
2 dekatherm at MIP * 102%	\$ 4.55
5 dekatherm at MIP * 110%	\$12.26
5 dekatherm at MIP * 120%	\$13.38
5 dekatherm at MIP * 130%	\$14.49
10 dekatherm at MIP * 140%	<u>\$31.22</u>
	\$82.59

(*) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company’s storage account to breach any contractual limitations, or would otherwise cause undue harm to Company’s management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the “Transportation Component” if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the “Transportation Component” if deliveries are less than scheduled nominations. For Viking, the “Transportation Component” shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking’s tariff. For Great Lakes, the “Transportation component” shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC’s Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

% Monthly Imbalance	Company Pays Customer Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
>20%	50% Average Monthly

Issued By: J F Schott
 VP Regulatory Affairs
 Submittal Date: ~~September 21, 2009~~ November 30, 2010
 *Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
 Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

% Monthly Imbalance	Customer Pays Company Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
>20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the “Weekly Price Survey” of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the “Average Monthly Index Price” shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily’s “Weekly Price Survey” is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer’s transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas, as noted above.

10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of the aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.

Issued By: J F Schott
 VP Regulatory Affairs
 Submittal Date: ~~September 21, 2009~~ November 30, 2010
 *Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
 Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

11. Small Volume Balancing Service

Daily Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a critical day or operational flow order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13. below for each dekatherm that customer failed to deliver.

The cost of the service is 7.0¢ per dekatherm transported on Company's system. Revenues collected from this balancing service will be credited against the cost of sales gas (demand and commodity) Weighted Average Cost of Gas (WACOG).

12. Large Volume Balancing Service (LVBS) Program

This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating.

This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7. of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges. $(100 \times 5\% + 20 = 25 \text{ MMBtu} +/-)$.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service is \$2.18 per dekatherm. This rate is equivalent to Northern Natural Gas' SMS demand charge. A variable charge of \$0.0208 per dekatherm shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas.

The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

13. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.
14. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or \$20 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.
15. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.
16. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.
17. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

RATE SCHEDULE SLVI-~~NNGTP~~-NMU
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Northern Natural Gas within two (2) miles of an alternate supply source.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of ~~MERC—NMU (NMU)~~. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if ~~MERCNMU~~'s service to such customer is interrupted. At ~~MERCNMU~~'s request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Rate
Customer Charge - \$~~370.00~~330 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$.~~042085~~/dekatherm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of ~~MERC—PNG and MERC—NMU~~'s General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE SLVI-~~NNGTP~~-NMU
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

4. Special Conditions
- A. Customer must have arranged for the purchase of gas other than ~~MERC~~^{NMU} system supply and for its delivery to ~~MERC's~~^{NMU} system. ~~MERC~~^{NMU} shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to ~~MERC~~^{NMU}'s system.
 - B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as ~~MERC~~^{NMU} may reasonably require.
 - C. All Large Volume transportation customers other than farm tap customers must have ~~MERC~~^{NMU} install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse ~~MERC~~^{NMU} for the cost incurred by ~~MERC~~^{NMU} to install telemetry equipment and for the cost of any other improvements made by ~~MERC~~^{NMU} in order to provide this transportation service. ~~MERC~~^{NMU} will offer financing for periods up to 90 days interest free. ~~MERC~~^{NMU} will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by ~~MERC~~^{NMU} shall remain the property of ~~MERC~~^{NMU}.
 - D. ~~MERC~~^{NMU}'s sales refunds applicable to the period when gas is transported will not be made to transportation customers.
 - E. The order of gas delivery for purposes of billing will be as follows:
 - a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per ~~MERC~~^{NMU}'s applicable sales tariffs.
 - F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to ~~MERC~~^{NMU}'s system.
 - G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving ~~MERC~~ ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and after giving ~~NMU~~ one month advance notice. A transportation service customer must stay on Transportation Service for 12 months and may not transfer to sales service until the first September 1st after using Transportation Service for twelve months. Customers wishing to transfer to sales service must notify ~~MERC~~^{NMU} in writing at least ninety days prior to the transfer.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE SLVI-~~NNG~~ ~~TP~~ ~~NMU~~
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if ~~MERC~~~~NMU~~ is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

~~Notwithstanding the provisions of this Section, customers transporting gas for seasonal non-winter peaking purposes lasting less than six months shall be allowed to transfer to sales service at any time after providing the one month's written notice, and do not have to be on transportation service for any specific period of time. If a sales customer in interrupted/curtailed from sales service, they can transport during curtailment.~~

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise ~~MERC~~~~NMU~~'s Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise ~~MERC~~~~NMU~~'s Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by ~~MERC~~~~NMU~~ on a best efforts basis.
6. Balancing: To assure ~~MERC~~~~NMU~~ system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to ~~MERC~~~~NMU~~'s system with volumes consumed at the delivery points.
7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. ~~MERC~~~~NMU~~'s SLVI-~~NNG~~~~TP~~ transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes ~~MERC~~~~NMU~~ to incur.
8. Pipeline Charges: Any charges which ~~MERC~~~~NMU~~ incurs from the pipeline on behalf of a customer shall be passed through to that customer.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE SLVI-~~NNGTP~~-NMU
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
- The cost of aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.
11. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE SLVI ~~TP~~ ~~NMU~~

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph “3”.
13. Notification: ~~MERC~~~~NMU~~ will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from ~~MERC~~~~NMU~~ is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges ~~MERC~~~~NMU~~ incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.
14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Viking Gas Transmission or Great Lakes Gas Transmission within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Rate
Customer Charge - \$370.00 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$.085/dekatherm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: ~~November 30, 2010~~*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATEDSUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)5. Special Conditions

- A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.
- B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.
- C. All Large Volume transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.
- D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
- E. The order of gas delivery for purposes of billing will be as follows:
- a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per MERC's applicable sales tariffs.
- F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.
- G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: ~~November 30, 2010~~*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.
6. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.
7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.
8. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATEDSUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
- The cost of aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.
11. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

Issued By: J F Schott

*Effective Date: December 1, 2012

VP Regulatory Affairs

Proposed Effective Date: December 1, 2012

Submittal Date: ~~November 30, 2010~~*Effective with bills issued on and after this date.

RATE SCHEDULE SLVI-CONSOLIDATEDSUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3".
13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.
14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

FLEXIBLE RATE GAS SERVICE RIDER

1. Availability: Service under this rate schedule is available to any non-general-service customer.
2. Applicability and Character of Service:
Service under this rate schedule is limited to customers subject to effective competition. (“Effective competition” means that a customer who either receives interruptible service or whose daily requirement exceeds 50 dekatherm maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, or cellulosic materials, at comparable prices from a supplier not regulated by the Commission.)

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company’s system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company’s system are eligible to take service under flexible tariffs.
3. Rate:
Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.
 - A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
 - B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
 - C. The rate for gas delivered shall be at least \$0.~~004~~0045 per therm.
 - D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the commodity charge for all volumes taken subject to and computed in accordance with Part C.
 - E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.
Volume Adjustment: Rates are based on gas with the equivalent heating value of 1,000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of ~~MERC—PNG and MERC—NMU~~’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.
4. General Terms and Conditions:
All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

5. Election of Service:
Service under this rider is at the option of the customer, except that, customers who use alternative energy supplies as described in the Applicability of Service Section are limited to taking service under this rider. Any customer electing service under this rider must remain on this rider for a period of at least one year.

6. Default Rate:
If a rate cannot be negotiated in a timely manner, the customer agrees to pay Company a default rate equal to the applicable upward flexible rate shown on Sheet 7.07.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other “Transportation for Resale” customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.
2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.
3. Rate:
 - A. The customer charge shall be ~~\$175.00~~~~160.00~~ per month plus a charge of ~~\$70.00~~~~70~~ per month for administrative costs related to transportation.
 - B. The rate per dekatherm for transportation charge shall be \$.72.

The customer is responsible for purchasing its own entitlement units, e.g., Daily Firm Capacity, etc. The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.
4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.
5. Volume Adjustment:

Rates are based on gas with the equivalent heating value of 1000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of ~~MERC—PNG and MERC—NMU~~’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is \$113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.
2. Viking Gas Transmission Company: Not applicable.
3. Great Lakes Transmission: Not applicable.

NOTE: This tariff will be amended when changes in pipeline tariffs occur.

Issued By: J F Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

PURCHASED GAS ADJUSTMENT - UNIFORM CLAUSE

1. Rates Subject to the Purchased Gas Adjustment (PGA) Clause: All gas utility rate schedules shall be subject to a gas cost adjustment as defined in 2. and 3. below. Since the Company purchases gas from different supply sources, the Company will determine the delivered cost of gas purchased by Supplier and implement any change in the billing rate which exceeds .3 cents per therm. The Company will also update its PGA every three months since the last change, which exceeded .3 cents per therm.

2. Determination of Purchased Gas Adjustment Amount: For purpose of computing the Purchased Gas Adjustment, the following formula will be used:

$$\frac{PD}{V} + WACOG + \frac{A}{V^1} - B = \text{Gas Cost Adjustment}$$

Where:

PD = Demand Cost: (1) The cost of purchased gas to be sold calculated by multiplying the current cost of purchased gas from each supplier times the last authorized demand volumes approved by the Commission and (2) The costs of firm transportation are calculated by multiplying the current cost from each supplier times the last demand volumes approved by the Commission.

WACOG = Projected weighted average cost of gas: The cost of purchased gas to be sold calculated by multiplying the estimated cost per dekatherm, therm or Btu by supplier (including transportation commodity costs) times the estimated purchase volumes by supplier for the upcoming month.

A = The current balance of unrecovered or over-recovered purchased gas costs. This is calculated once a year and filed each September 1 as explained in 5. on Sheet No. 7.01.

V = The sales volume for the forthcoming twelve month period ending August 31. The annual volumes shall:

- A. Be adjusted to reflect normal temperatures.
- B. Be for the most recent twelve months of the fourteen months immediately preceding the effective date of any demand increase or decrease.
- C. Once normalized, be further adjusted by an average percentage change in normalized sales computed over the preceding three year period.
- D. Also change in accordance with Minnesota Rules 7825.2390 - 7825.3000.

V¹ = Projected 12 months sales volumes.

B = Actual purchased gas cost embedded in the gas utility filed rate schedules based on purchase and sales volumes established during the base period including all adjustments approved by the Commission.

Issued By: J F Schott
 VP Regulatory Affairs

Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012

Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE (Continued)

3. Application of Calculation

The formula $\frac{PD}{V} + WACOG + \frac{A}{V' - B}$ identified previously will be calculated separately for each supplier and/or supply zone (where separate rate schedules are maintained), if appropriate by class of service for interruptible, firm and general service sales. Demand charges will be assigned on a unit basis to applicable customers.

4. Cost Included in the Purchased Gas Adjustment: The cost of gas included in the computation shall consist of all costs properly included in FERC Accounts 800 through 812, transportation charges and all other charges incurred to obtain gas supplies.

5. Frequency of Change: The underrecovery/overrecovery balance adjustments under this provision shall be computed and filed by September 1 of each year.

Accounting Requirement: Subsequent to the effective date of this clause, the Company shall maintain a continuing monthly comparison of the actual cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by multiplying the volumes sold during said month by the currently effective rate for purchased gas. The difference in the actual cost of gas and the cost recovery represents the over/under recovery for the month. The total differences for the twelve-month period ending August 31 represent the balance of underrecovered or overrecovered purchased gas cost for the period. The balance for the period, plus the balance at the beginning of the period, and any adjustments represent the current balance in the Account (“A” in the formula above).

Costs included in the Purchased Gas Adjustment will be offset by the revenues collected from Company’s Small Volume Balancing Service on a yearly basis in the annual Reconciliation Adjustment.

The Company shall maintain an over/under account for each supply zone for the under-recovered or over-recovered purchased gas costs on a monthly basis.

6. Treatment of Refund: Refunds and interest thereon received from the suppliers of purchased gas that are attributable to the cost of gas previously sold will be refunded by credits to bills or by checks within a period not to exceed 90 days from the date the refund is received from a supplier, provided the refund amount per customer is equal to or greater than five ~~dollars~~cents. The utility shall include the unrefunded balance as an adjustment to the balance of under recovered or over recovered purchased gas cost for the period as explained in the Accounting Requirements above.

7. Information to be Filed with the Commission: Each Purchased Gas Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012

Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

CONSERVATION COST RECOVERY ADJUSTMENT

1. Applicability of Conservation Cost Recovery Adjustment: The conservation cost recovery adjustment (CCRA) is applicable to the Company's Minnesota gas rate schedules.
2. Adjustment: There shall be included on each customer's monthly bill a CCRA factor multiplied by the customer's monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.
3. Determination of Conservation Cost Recovery Adjustment Factor: The CCRA is calculated for each customer class by dividing the recoverable Conservation Improvement Program costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

~~All Classes MERC PNG~~ ~~—————~~ ~~\$0.01719 per therm~~

~~All Classes MERC NMU~~ ~~—————~~ ~~\$0.02715 per therm~~

~~All Classes MERC~~ ~~—————~~ ~~TBD~~

4. For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRA shall not apply.
5. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

Issued By: J F Schott

VP Regulatory Affairs

Submittal Date: ~~October 15, 2010~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~November 1, 2010~~ December 1, 2012

Proposed Effective Date: ~~November 1, 2010~~ December 1, 2012

RETAIL GAS COST ADJUSTMENT PURSUANT TO
PURCHASE GAS ADJUSTMENT - UNIFORM CLAUSE

Effective **xx-xx-xx01-Dec-12** the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per therm detailed below as provided for in the Purchase Gas Adjustment - Uniform Clause as on file with the Minnesota Public Service Commission.

MERC-PNG NNG

NORTHERN NATURAL GAS

<u>MDOC Rate Schedule</u>	<u>Prior Cumulative Adjustments</u>	<u>Change Filed Herein</u>	<u>ACA Adjustment</u>	<u>Current Adjustment</u>
<u>General Service</u>				
-GS-4 GS-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Volume Interruptible</u>				
-SVI-4 SVI-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Volume Interruptible</u>				
LVI-4 LVI-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
LVI-4-ML	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Joint Firm Interruptible Service</u>				
SJ-4 SJ-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Joint Firm Interruptible Service</u>				
LJ-4-TP LJ-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
LJ-4-ML Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Super Large Volume</u>				
T-4 TSL-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000

Issued By: **J F Schott**
Vice President

Effective Date: **xx-xx-xx01-Dec-12**

Submittal Date: **30-Nov-10**

RETAIL GAS COST ADJUSTMENT PURSUANT TO
PURCHASE GAS ADJUSTMENT - UNIFORM CLAUSE

Effective **xx-xx-xx01-Dec-12** the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per term detailed below as provided for in the Purchase Gas Adjustment - Uniform Clause as on file with the Minnesota Public Service Commission.

MERC-PNG Con

Consolidated	Prior Cumulative Adjustments	Change Filed Herein	ACA Adjustment	Current Adjustment
<u>MDOC Rate Schedule</u>				
<u>General Service</u>				
GS-4-GS-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Volume Interruptible</u>				
SVI-4 SVI-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Volume Interruptible</u>				
LVI-4 LVI-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Volume Joint Firm Interruptible Service</u>				
SJ-4 SJ-Con Daily Firm Capacity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Volume Joint Firm Interruptible Service</u>				
LJ-4 LJ-Con Daily Firm Capacity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000

Issued By: **J F Schott**
Vice President

Effective Date: **xx-xx-xx01-Dec-12**

Submittal Date **30-Nov-10**

RETAIL GAS COST ADJUSTMENT PURSUANT TO
PURCHASE GAS ADJUSTMENT - UNIFORM CLAUSE

Effective- xx-xx-xx the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per term detailed below as provided for in the Purchase Gas Adjustment - Uniform Clause as on file with the Minnesota Public Service Commission.

MERC-PNG

GREAT LAKES

<u>MDOC Rate Schedule</u>	<u>Prior Cumulative Adjustments</u>	<u>Change Filed Herein</u>	<u>ACA Adjustment</u>	<u>Current Adjustment</u>
<u>General Service</u>				
-GS-5 RES	\$0.00000	\$0.00000	\$0.14934	\$0.14934
<u>Small Volume Interruptible</u>				
-SVI-5	\$0.00000	\$0.00000	\$0.14900	\$0.14900
<u>Small Volume Joint Firm/Interruptible Service</u>				
-SJ-5 Demand	\$0.00000	\$0.00000	\$0.00213	\$0.00213
Commodity	\$0.00000	\$0.00000	\$0.14900	\$0.14900
<u>Large Volume Joint Firm/Interruptible Service</u>				
-LJ-5 Demand	\$0.00000	\$0.00000	\$0.00213	\$0.00213
Commodity	\$0.00000	\$0.00000	\$0.14900	\$0.14900

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Issued By: J F Schott
Vice President

Effective Date: xx-xx-xx01-Dec-12

Submittal Date: 30-Nov-10

RETAIL GAS COST ADJUSTMENT PURSUANT TO
PURCHASE GAS ADJUSTMENT – UNIFORM CLAUSE

Effective xx-xx-xx the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per therm detailed below as for in the Purchase Gas Adjustment – Uniform Clause as on file with the Minnesota Public Service Commission.

MERC-NMU

<u>MDOC Rate Schedule</u>	<u>Prior Cumulative Adjustments</u>	<u>Change Filed Herein</u>	<u>ACA Adjustment</u>	<u>Current Adjustment</u>
<u>General Service – Firm</u>				
GS – NMU	0.00000	0.00000	0.00679	0.00679
GS – NMU > 1,500	0.00000	0.00000	0.01257	0.01257
<u>Small Volume Interruptible Service</u>				
SVI – NMU	0.00000	0.00000	-0.00146	-0.00146
<u>Large Volume Interruptible Service</u>				
LVI – NMU	0.00000	0.00000	-0.00146	-0.00146
LVI – ML – NMU	0.00000	0.00000	-0.00146	-0.00146
<u>Small Joint Firm/Interruptible Service</u>				
SJ – NMU	Daily Firm Capacity	0.00000	0.00000	0.00000
	Commodity	0.00000	0.00000	0.00000
<u>Large Joint Firm/Interruptible Service</u>				
LJ – NMU	Daily Firm Capacity	0.00000	0.00000	0.00000
	Commodity	0.00000	0.00000	0.00000

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Issued By: J F Schott
Vice President

Effective Date: xx-xx-xx01-Dec-12

Submittal Date: 30-Nov-10

TARIFF SALES RATES										
Per Therm										
Rates Subject to Fuel Adjustment Clause										
(A)	(B)	(C)	(D)	(A+B+C)	(D+E)	(G)	(D-G+D)	(E+G)	(E+H)	(J)
Base Gas Cost	PGA Adjustment	Annual ACA Adjustment	Tariff Margin	Total Tariff Rate w/o Margin	Total Tariff Rate	Minimum Flex Margin	Maximum Flex Margin	Minimum Total Flex Tariff	Maximum Total Flex Tariff	Maximum Total Flex Tariff
<u>Small Volume Interruptible</u>										
SVI-4 NNG	0.57483	0.00000	0.00000	0.12086	0.57483	0.69569	0.00400	0.23772	0.57883	0.81255
SVI-4 Consolidated	0.54647	0.00000	0.00000	0.12086	0.54647	0.66733	0.00400	0.23772	0.55047	0.78419
SVI-5										
SVI-NMU										
<u>Large Volume Interruptible</u>										
LVI-4 Town Plant LVI-NNG	0.57483	0.00000	0.00000	0.03568	0.57483	0.61051	0.00400	0.06736	0.57883	0.64219
LVI-TP-NMU LVI-Consolidated	0.54647	0.00000	0.00000	0.03568	0.54647	0.58215	0.00400	0.06736	0.55047	0.61383
VLI-4 Town Plant										
LVI-5 Town Plant										
LVI-1 Mainline										
LVI-ML-NMU										
<u>Daily Firm Capacity-Small Volume</u>										
SJ-4 SJ-NNG	1.95620	0.00000	0.00000	0.23000	1.95620	2.18620	0.00000	0.46000	1.95620	2.41620
SJ-4 SJ-Consolidated	0.56880	0.00000	0.00000	0.23000	0.56880	0.79880	0.00000	0.46000	0.56880	1.02880
SJ-5										
SJ-NMU										
<u>Daily Firm Capacity-Large Volume</u>										
LJ-4 NNG	1.95620	0.00000	0.00000	0.23000	1.95620	2.18620	0.00000	0.46000	1.95620	2.41620
LJ-4 ML Consolidated	0.56880	0.00000	0.00000	0.23000	0.56880	0.79880	0.00000	0.46000	0.56880	1.02880
LJ-4										
LJ-5										
LJ-TP-NMU										
<u>Super Large Volume</u>										
NNG										
S-LV-Commodity	0.57483	0.00000	0.00000	0.00420	0.57483	0.57903	0.00400	0.00440	0.57883	0.57923
S-LV-Demand*	1.95620	0.00000	0.00000	0.06200	1.95620	2.01820	0.00000	0.12400	1.95620	2.08020
Consolidated										
S-LV-Commodity	\$0.54647	0.00000	0.00000	0.00420	0.54647	0.55067	0.00400	0.00440	0.55047	0.55087
S-LV-Demand*	\$0.56880	0.00000	0.00000	0.06200	0.56880	0.63080	0.00000	0.12400	0.56880	0.69280

*If customer prefers to be a Transportation only customer, the Base Gas Cost Component of Firm Transportation is the NNG TF12 Base Tariff Rates plus all applicable Surcharges including GRI based on Northern Natural Gas FERC Gas Tariff Sheet No. 50.
Base Gas Cost approved in Docket No. G007,011/MR-08-836 MR-10-978.

Issued by: J. F. Schott
Vice President
Submitted Date:

30-Nov-10

Effective Date:
xx-xx-xx01-Dec-12

FIRM TRANSPORTATION SERVICE - TF

Firm Transportation is available to any customer served under a MERC NNG tariff designation. The charges for TF-12, TF5, and TFX are set forth below:

	<u>Class</u>	<u>Reservation Fee</u> \$/therm	<u>Margin</u> \$/therm	<u>Total Charge</u> \$/therm
TF-12	SV	\$1.38660 [1]	\$0.23000	\$1.61660
TF-5	SV	\$1.51530 [1]	\$0.23000	\$1.74530
TFX	SV	\$1.51530 [1]	\$0.23000	\$1.74530
TF-12	LV	\$1.38660 [1]	\$0.23000	\$1.61660
TF-5	LV	\$1.51530 [1]	\$0.23000	\$1.74530
TFX	LV	\$1.51530 [1]	\$0.23000	\$1.74530
TF-12	SLV	\$1.38660 [1]	\$0.06200	\$1.44860
TF-5	SLV	\$1.51530 [1]	\$0.06200	\$1.57730
TFX	SLV	\$1.51530 [1]	\$0.06200	\$1.57730

[1] Per Northern Natural Gas Company's FERC Gas Tariff, Fifth Revised Volume No. 1, 21 Revised Sheet Nos. 50 & 51.

Issuing Officer: J. F. Schott
Vice President

Effective Date: ~~xx-xx-xx~~01-Dec-12

Submission Date to Department Public Service

~~30-Nov-10~~

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)

1. Availability:

Available to residential customers in the ~~MERC~~ ~~PNG~~ Minnesota service area who have been qualified and receive assistance from the Low Income Home Energy Assistance Program (“LIHEAP”) during the federal fiscal year (“Program Year”). Further, such customers must agree to be placed on a levelized payment plan and must also agree to a payment schedule as described below to be considered a “Qualified Customer”.

2. Program Description and Rate Impact for Qualifying Customers:

This Program shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income programs. The Program has two components: 1) Affordability, and 2) Arrearage Forgiveness. ~~MERC~~ ~~PNG~~ or an agent of ~~MERC~~ ~~PNG~~, will review current billing and consumption information, approved LIHEAP benefits and household income information as submitted to ~~MERC~~ ~~PNG~~ to determine a Qualified Customer’s payment schedule amount. A Qualified Customer’s payment schedule shall include both payment of the customer’s current month’s bill (which reflects one-twelfth the levelized payment plan), after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customer’s pre-program arrears.

2.1. *Affordability Component:*

The Affordability component consists of a bill credit determined as one-twelfth of the difference between ~~MERC~~ ~~PNG~~’s estimate of the Qualified Customer’s annual gas bill and 6% of the Qualified Customer’s household income as provided by the Qualified Customer to ~~MERC~~ ~~PNG~~. This bill credit is a Program cost that will be included in the Tracker. Any energy assistance sums not applied to arrears will be applied to a Qualified Customer’s current bill.

2.2. *Arrearage Forgiveness Component:*

The Arrearage Forgiveness component consists of a monthly credit that will be applied each month after receipt of the Qualified Customer’s payment. The credit will be designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the Qualifying Customer’s contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a Program cost that will be included in the Tracker.

Issued By: Jim Schott
VP Regulatory Affairs

Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012

Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)

3. Conditions of Service:

- 3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.
- 3.2. Before the start of an enrollment period, ~~MERC—PNG~~ will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to ~~MERC—PNG~~ before the close of the enrollment period.
- 3.3. Regardless of arrears balances, ~~MERC—PNG~~ agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.
- 3.4. Qualified Customers must maintain an active ~~MERC—PNG~~ account in said customer’s name at their permanent primary residence only to be eligible for this Program.
- 3.5. Qualified Customers agree to notify ~~MERC—PNG~~ of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.
- 3.6. If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to ~~MERC—PNG~~’s regular collection practices including the possibility of disconnection.

4. Funding:

- 4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by ~~MERC—PNG and MERC—NMU~~ shall not exceed \$1 million (\$1,000,000.00) per year. *See Exhibit B for data indicating amounts allocated to ~~MERC—PNG~~.* ~~MERC—PNG~~ shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.
- 4.2. ~~MERC—PNG~~ shall recover Program costs in the Delivery Charge applicable to customers receiving firm service under Rate Schedules GS-~~NNG+~~ General Service and; GS-~~Consolidated~~4 General Service, ~~and GS-5 General Service.~~
- 4.3. A tracking mechanism (“Tracker”) will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. ~~MERC—PNG~~ will track and defer Program costs with regulatory approval. The prudence of the Program costs are subject to regulatory review.

Issued By: Jim Schott
VP Regulatory Affairs

Submittal Date: ~~October 23, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012

Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)

- 4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedules GS-~~NNG+ General Service~~, and GS-~~Consolidated~~4 General Service, and ~~GS-5 General Service~~. The initial rate is \$0.0039 per therm. The surcharge will be identified as a separate line item, Gas Affordability Program charge, on the customer’s bill. ~~MERC-PNG~~ may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case or at the end of the initial four-year term of the Program.
5. Evaluation:
- 5.1. The Program shall be evaluated before the end of the initial four year term and may be modified based on annual reports and on a financial evaluation.
- 5.2. The annual reports will include the effect of the Program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the Program.
- 5.3. The financial evaluation will include a discounted cash flow of the Program’s cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the Program. Any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers.
6. Program Revocation:
- The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.
7. Term:
- The Program shall become effective April 1, 2008 and shall have an initial four-year term ending December 31, 2011. Annual reporting will begin on March 31, 2009 and will continue each year thereafter, ending on March 31, 2012.
8. Applicability:
- Unless otherwise specified in this tariff, Qualified Customers in the Program shall receive service in accordance with all terms and conditions of the standard gas service tariffs applicable to residential customers.

Issued By: Jim Schott
VP Regulatory Affairs

Submittal Date: ~~October 23, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

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GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM")(Continued)

Exhibit B

MERC - NMU General Service throughput*	53,507,030/therm
MERC - PNG General Service throughput*	201,965,900/therm
<u>MERC</u> TOTAL Throughput*	255,472,930/therm
Projected program arrearage expenses	\$950,000.00
Projected program administrative expenses	\$50,000.00
Projected total program costs	\$1,000,000.00
MERC - NMU program costs (21% of total)	
Arrearage expense	\$199,500.00
Administrative expense	\$10,500.00
Total MERC - NMU	\$210,000.00
MERC - PNG program costs (79% of total)	
Arrearage expense	\$750,500.00
Administrative expense	\$39,500.00
Total MERC - PNG	\$790,000.00
MERC NMU/PNG affordability surcharge	
\$1,000,000.00/255,472,930/therm	\$0.0039/therm

*Volume data from 06-07 MERC AAA filings, Docket No. E,G999/AA-07-1130

Issued By: Jim Schott
 VP Regulatory Affairs
 Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
 Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

~~GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)~~

~~1. Availability:~~

~~Available to residential customers in the MERC—NMU Minnesota service area who have been qualified and receive assistance from the Low Income Home Energy Assistance Program (“LIHEAP”) during the federal fiscal year (“Program Year”). Further, such customers must agree to be placed on a levelized payment plan and must also agree to a payment schedule as described below to be considered a “Qualified Customer”.~~

~~2. Program Description and Rate Impact for Qualifying Customers:~~

~~This Program shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income programs. The Program has two components: 1) Affordability, and 2) Arrearage Forgiveness. MERC—NMU or an agent of MERC—NMU, will review current billing and consumption information, approved LIHEAP benefits and household income information as submitted to MERC—NMU to determine a Qualified Customer’s payment schedule amount. A Qualified Customer’s payment schedule shall include both payment of the customer’s current month’s bill (which reflects one-twelfth the levelized payment plan), after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customer’s pre-program arrears.~~

~~2.1. Affordability Component:~~

~~The Affordability component consists of a bill credit determined as one-twelfth of the difference between MERC—NMU’s estimate of the Qualified Customer’s annual gas bill and 6% of the Qualified Customer’s household income as provided by the Qualified Customer to MERC—NMU. This bill credit is a Program cost that will be included in the Tracker. Any energy assistance sums not applied to arrears will be applied to a Qualified Customer’s current bill.~~

~~2.2. Arrearage Forgiveness Component:~~

~~The Arrearage Forgiveness component consists of a monthly credit that will be applied each month after receipt of the Qualified Customer’s payment. The credit will be designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the Qualifying Customer’s contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a Program cost that will be included in the Tracker.~~

CANCELED

Issued By: Jim Schott
VP Regulatory Affairs
Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

~~GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM") (Continued)~~

~~3. Conditions of Service:~~

- ~~3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.~~
- ~~3.2. Before the start of an enrollment period, MERC NMU will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to MERC NMU before the close of the enrollment period.~~
- ~~3.3. Regardless of arrears balances, MERC NMU agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.~~
- ~~3.4. Qualified Customers must maintain an active MERC NMU account in said customer's name at their permanent primary residence only to be eligible for this Program.~~
- ~~3.5. Qualified Customers agree to notify MERC NMU of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.~~
- ~~3.6. If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC NMU's regular collection practices including the possibility of disconnection.~~

~~4. Funding:~~

- ~~4.1. Total Program costs, which include start up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC NMU and MERC PNG shall not exceed \$1 million (\$1,000,000.00) per year. See Exhibit B for data indicating amounts allocated to MERC NMU. MERC NMU shall limit administrative costs included in the Tracker (except start up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.~~
- ~~4.2. MERC NMU shall recover Program costs in the Delivery Charge applicable to customers receiving firm service under Rate Schedule GS-NMU General Service.~~
- ~~4.3. A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. MERC NMU will track and defer Program costs with regulatory approval. The prudence of the Program costs are subject to regulatory review.~~

CANCELED

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VP Regulatory Affairs

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~~GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)~~

~~4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedule GS-NMU General Service. The initial rate is \$0.0039 per therm. The surcharge will be identified as a separate line item, Gas Affordability Program charge, on the customer’s bill. MERC-NMU may petition the Commission to adjust this rate in order to true up the Program balance in the Tracker either in a general rate case or at the end of the initial four year term of the Program.~~

~~5. Evaluation:~~

~~5.1. The Program shall be evaluated before the end of the initial four year term and may be modified based on annual reports and on a financial evaluation.~~

~~5.2. The annual reports will include the effect of the Program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the Program.~~

~~5.3. The financial evaluation will include a discounted cash flow of the Program’s cost effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the Program. Any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers.~~

~~6. Program Revocation:~~

~~The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.~~

~~7. Term:~~

~~The Program shall become effective April 1, 2008 and shall have an initial four year term ending December 31, 2011. Annual reporting will begin on March 31, 2009 and will continue each year thereafter, ending on March 31, 2012.~~

~~8. Applicability:~~

~~Unless otherwise specified in this tariff, Qualified Customers in the Program shall receive service in accordance with all terms and conditions of the standard gas service tariffs applicable to residential customers.~~

CANCELED

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VP Regulatory Affairs

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~~GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)~~

Exhibit B

MERC—NMU General Service throughput*	53,507,030/therm
MERC—PNG General Service throughput*	201,965,900/therm
TOTAL Throughput*	255,472,930/therm
Projected program arrearage expenses	\$950,000.00
Projected program administrative expenses	\$50,000.00
Projected total program costs	\$1,000,000.00
MERC—NMU program costs (21% of total)	
Arrearage expense	\$199,500.00
Administrative expense	\$10,500.00
Total MERC—NMU	\$210,000.00
MERC—PNG program costs (79% of total)	
Arrearage expense	\$750,500.00
Administrative expense	\$39,500.00
Total MERC—PNG	\$790,000.00
MERC—NMU/PNG affordability surcharge	
\$1,000,000.00/255,472,930/therm	\$0.0039/therm

~~*Volume data from 06-07 MERC AAA filings, Docket No. E,G999/AA-07-1130~~

CANCELED

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REVENUE DECOUPLING MECHANISM ("RDM")1. Purpose

The purpose of the Revenue Decoupling Mechanism (RDM) is to: (a) reduce the financial disincentive for the Minnesota Energy Resources Corporation (Company) to promote energy efficiency and conservation and (b) promote distribution revenue symmetry by breaking the link between sales volumes and distribution revenues.

2. Applicability

The RDM shall apply to all customers served under the Small Volume General Service rate schedules, specifically all Residential and Small Commercial & Industrial customers.

3. Definitions

As used in the RDM, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of distribution revenues, excluding revenues arising from the CCRC and adjustments under the RDM, which were billed for each applicable Rate Schedule Group in the Calendar Year.

Actual Customers (AC) shall mean the number of customers in each applicable Rate Schedule Group in the Calendar Year.

Billing Period shall mean the 12-month period succeeding the Calendar Year for which the RDM is billed.

Conservation Cost Recovery Charge (CCRC) shall mean the Conservation Cost Recovery Charge imbedded in base volumetric distribution rates.

Factor V (V) shall mean the sales volumes, in therms, projected to be delivered by the Company to customers in each applicable Rate Schedule Group for the Billing Period.

Calendar Year shall mean the Calendar Year that ended as of the most recent December 31.

Rate Case Customers (RCC) shall mean the number of customers that underlie the distribution rates approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group.

Rate Case Margin (RCM) shall mean the dollar amount of distribution revenues arising from the test year sales volumes and distribution charges approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group, less any revenues arising from the CCRC.

Issued By: Jim Schott

VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

REVENUE DECOUPLING MECHANISM ("RDM")(Continued)

Rate Schedule Group shall mean the rate schedule group approved by the Commission in Docket No. G007,011/GR-10-977 for the purposes of determining a RDM adjustment.

Reconciliation Adjustment (RA) shall mean dollar amounts due the Company (+RA) or the customers (-RA) arising from RDM adjustments that were under-billed or over-billed to each Rate Schedule Group in the Calendar Year.

4. Determination of Adjustment

There shall be a separate per therm adjustment amount determined under the RDM for each applicable Rate Schedule Group and such amount shall be determined as follows:

$$\frac{[(RCM / RCC) - (AM / AC)] \times RCC + RA}{V}$$

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

A symmetrical cap of ten percent of non-gas margin rates, excluding CCRC rates, will be imposed on the calculation of the RDM. The cap limits the amount the Company can collect or credit via the RDM to ten percent of distribution revenues.

6. Minnesota Public Utilities Commission (Commission) Authority

If warranted by unforeseen circumstances, the Commission has the authority to modify or suspend the rates set via the RDM calculation during the pilot program.

Issued By: Jim Schott

VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

REVENUE DECOUPLING MECHANISM ("RDM")(Continued)7. Reports

No later than March 31 of the calendar year following the Commission's approval for the RDM, and then no later than March 1 of each succeeding year until the RDM terminates, the Company shall file annually with the Commission a report that specifies the RDM adjustments to be effective for each Rate Schedule Group for the Billing Period. The initial report shall reflect a Calendar Year that begins on the first day of the month succeeding the implementation of final rates approved by the Commission in Docket No. G007,011/GR-10-977 until December 31 of that year, and then for a full Calendar year for each succeeding year. The report shall include work papers and data supporting the calculations in Section 4 of the RDM. Adjustments shall be effective with bills rendered on or after March 1 of the Billing Period and shall continue for 12 months. The report will also include an evaluation plan with information required by the Commission in Docket No. G007,011/GR-10-977.

In the event any portions of the proposed RDM adjustments are modified by the Commission, the adjustments shall be adjusted in accordance with the Commission's order.

The Company shall record in its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of the RDM in actual earnings. Such estimates shall be adjusted if necessary, upon filing RDM calculations with the Commission and again upon final Commission approval.

8. Pilot Period

RDM adjustments shall be determined for three Calendar Years and for any partial Calendar Year in which the RDM becomes effective. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS:

A. Company:

The term “Company” is herein used to designate Minnesota Energy Resources Corporation, or ~~MERC, MERC—PNG and MERC—NMU~~, which furnishes natural gas service under these general rules, regulations, terms and conditions.

B. Commission:

The term “Commission” is herein used to designate the Public Utilities Commission of the State of Minnesota.

C. Customer:

The term “customer” is herein used to designate a person, partnership, association, firm, public or private corporation or governmental agency using gas service supplied by Company subject to the jurisdiction of the Commission.

D. Town Plant:

The term “town plant” refers to the piped distribution system of a city, town, community, village, area, section or region, either incorporated or unincorporated, together with any suburban or contiguous area supplied with gas through a town border station. Town plant service is not limited to the geographical boundaries of the franchise.

E. Town Border Station:

The terms “town border station” and/or “City Gate Station” refer to the site where the gas changes ownership and where Company’s supplier measures and makes delivery of gas to Company. Such site is usually shared by supplier and Company. It is frequently located at the edge of a town and may be the site of check meters, regulators, odorization equipment and other appropriate appurtenances.

F. Types of Customers:

1. Residential:

Customers taking natural gas for residential use (space heating, cooling, water heating, clothes drying, etc.) through an individual meter in a single family dwelling or building, or for residential use in an individual flat or apartment, or in a mobile home, or for residential use in not over four households served by a

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

1. Residential (Continued)

single meter in a multiple family dwelling. Residential premises used regularly for professional or business purposes (doctor's office, small store, etc.) are considered as residential where the residential natural gas usage is half or more of the total gas usage.

2. Commercial:

Customers primarily engaged in wholesale or retail trade, agriculture, forestry, fisheries, transportation, communication, sanitary services, finance, insurance, real estate, personal services (clubs, hotels, rooming houses, five or more households served under a single meter, auto repair, etc.) government and customers whose usage does not directly qualify under one of the other classifications of service. The size of the customer or volume of natural gas used is not a criterion for determining commercial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.

3. Industrial:

Customers engaged primarily in a process which creates or changes raw or unfinished materials to another form or product. The size of the customer or volume of use is not a criterion for determining industrial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.

4. Joint Rate Service:

Customers taking natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.

5. Interruptible Service:

Customers taking natural gas service which may be interrupted, curtailed or discontinued at any time at the option of the Company in accordance with the provision of Article 16 hereof.

Issued By: Jim Schott
Vice President, Regulatory Services
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Types of Customers (Continued)

6. Small Volume:

Customers whose maximum daily requirements, both Firm and Interruptible, are less than 200 dekatherms.

7. Large Volume:

Customers whose maximum daily requirements, both Firm and Interruptible, equal or exceed 200 dekatherms.

8. General Service:

The term “general service” customer is herein used to designate a person, partnership, association, firm public or private corporation who meets the requirements for gas service as specified in the Company’s general service rate schedules on file with the Minnesota Public Utilities Commission.

9. Transportation Service:

Any individually metered (except in cases including a single location with multiple tenants) commercial or industrial end user who has contracted for an alternate or supplemental source of gas supply and has requested Company to transport such alternate or supplemental gas for customer’s account.

10. Human Needs Customer:

Any customer including, but not limited to, a school, church, hospital, day care facility, nursing home, or other facility which must maintain its energy service in order to protect the health and welfare of its inhabitants.

11. Marketer:

An entity which represents an end-use customer. A marketer will be considered the end-use customer for purpose of the Aggregation Service.

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Vice President, Regulatory Services
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

F. Types of Customers (Continued)

12. Firm Service:

Service supplied to customers under schedules or contracts which are not normally subject to curtailment or interruption except under occasional, extraordinary circumstances.

G. Distribution Mains:

That portion of the gas distribution system transporting natural gas from the city gate or town border station to the customer's service line.

H. Service Line:

The pipe that transports natural gas from the main to a customer's meter or the connection to a customer's fuel line, whichever is farther downstream.

I. Point of Delivery:

The point of delivery and the point where Company ownership and maintenance of service pipe ends, shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and customer. ~~Except the point of delivery for a mobile home served by a low pressure service line shall be the outlet of the shutoff valve immediately before the service entry for MERC—NMU locations.~~ All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the customer and are subject to the inspection and approval of the Company and other authorities which have jurisdiction.

J. Fuel Line:

All piping, valves and fittings downstream from the point of delivery at the meter to the inlet of the customer's appliance.

K. Abbreviations:

Btu - British Thermal Unit
psig - Pounds Per Square Inch Gauge
psia - Pounds Per Square Inch Absolute
W.C. - Water Column

Cfh - Cubic Feet Per Hour

°F - Degree Fahrenheit

L. Disconnection of Service:

"Disconnection of Service" means an involuntary cessation of utility service to a customer or disconnection at the request of the customer as provided at subsection 9 A 9 of these rules.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

M. Temporary Disconnection:

“Temporary Disconnection” means a voluntary cessation of utility service and applied specifically to subsection 9. A. 9(b) of these rules. This is not a permanent termination of service.

N. Maximum Daily Quantity (MDQ):

The amount calculated by dividing the volumes consumed by a particular customer during the highest historical peak month of usage for that customer by twenty (20). Company will estimate a peak month for new customers. A Maximum Daily Quantity may also be established through direct measurement or other means (i.e. estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems) if approved by Company.

O. Daily Firm Capacity:

This is the amount of capacity the customer must purchase on a daily basis on both the interstate pipeline and the distribution system in order to receive Firm service. This term replaces the term “daily contract demand”. The daily firm capacity is calculated by taking the MDQ times the Daily Firm Capacity charge per therm.

P. Critical Day:

A “critical day” when called by the pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as any day during which in the sole judgment of the Company service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to curtailment or interruption. A critical day may be declared with respect to any one or more delivery and/or receipt points.

Q. Operational Flow Order:

An “operational flow order” when called by the interstate pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as a notice issued by the Company to customer(s) requiring the delivery of specified quantities of gas to Company for the account of customer at times deemed necessary by the Company to maintain system integrity and to assure continued service. An operational flow order may be issued to the smallest affected area for example, a single receipt point, receipt points on a pipeline, or the entire system.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY

A. Quality:

All Suppliers: Natural gas delivered shall be merchantable natural gas suitable for the purposes for which it is sold. There shall be a Btu adjustment when the Btu content of the natural gas delivered varies from 1,000 Btu/cu. ft. A customer's billed consumption (therm or dekatherm) per month will be adjusted according to Btu content of the natural gas delivered. When Company is required to supplement supply with propane-air mixture, liquefied natural gas and/or a synthetic gas mixture, the Btu content will vary. A change in Btu content range by supplier will result in subsequent and like change in gas delivered to customer.

B. Unit of Measurement: For all customers served by the town plant distribution pipeline system the standard unit of measurement shall be a cubic foot at a temperature of 60 °F and at a pressure of 14.73 pounds per square inch absolute.

C. Delivery Pressure: Delivery pressure of natural gas by Company to customers for residential and general service will approximate four ounces. However, delivery pressure for such customer will normally not be less than two ounces or more than eight ounces as measured at the customer's meter outlet. Delivery of gas at a pressure of two psi will be provided to the customer upon request subject to Company approval and compliance with fuel line installation standards of Company and subject to distribution system design and capacity. Where the customer has entered into a standard gas sales contract with the Company, deliveries of gas will be made at the pressure specified in such contract. The customer shall install, operate and maintain at its own expense, such pressure regulating and relief devices as may be necessary to regulate the pressure of gas after delivery to the customer.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

D. Computation of Volumes of Gas Sold:

1. General Service and Small Volume Interruptible Customers: The volume of gas delivered to customer shall be computed at the standard unit of measurement. Where delivery pressure exceeds the standard unit of measurement the volumes will be corrected to the standard unit of measurement in accordance with the A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4.
2. Contractual Customers:
 - (a) Measurement Factors: The volume of gas delivered as measured at delivery pressures shall be corrected to the unit of measurement specified in the contract. Measurement and determination of volumes delivered shall be made in accordance with the recommendations set forth in A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4, or AGA Report No. 7.
 - (b) Temperature: The temperature of gas delivered and measured shall be assumed to be sixty (60) degrees Fahrenheit. Where a recording thermometer has been installed to record the temperature of the gas flowing through the meters, the arithmetic average of the hourly temperature so recorded shall be used in measurement computation.
 - (c) Specific Gravity: The specific gravity of the gas used in the measurement shall be as determined by the Company's wholesale natural gas suppliers: Northern Natural Gas Company, Great Lakes Gas Transmission Company, and Viking Transmission Company.
 - (d) Heating Value: The heating value of the natural gas which Company receives from its suppliers may vary. Accordingly, from time to time, adjustments in the form of a gas measurement factor may be necessary as specified in the provisions of the various contracts.

The heating value of the gas delivered shall be determined by appropriate industry standard equipment. Such equipment shall be adjusted to record the gross heating value per cubic foot of the gas on a dry basis. Such equipment shall be owned, operated and maintained by Supplier at a point on its facilities to be determined by Supplier; Supplier reserves the right to change the location at any time to a point which is representative of the gas being delivered hereunder.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards

1. Meter: The gas delivered by Company to the customer shall be measured by an adequate meter of standard type, installed, operated and maintained by Company.
2. Location: The town plant customer will provide a place on the customer's premises at no cost to the Company for location of the meter. The location of a previously set meter may be changed by the Company at the request of the customer. The expense of the change shall be paid by the customer.
 - (a) Domestic and Small Volume Commercial - Meters will be set and maintained on the customer's premises at a location mutually acceptable to both the Company and the customer after giving due consideration to safety, accessibility for meter reading, prudent investment of materials and the prevailing practice in the community. Alternative locations must be approved by the Company.
 - (b) Large Volume and/or Industrial - Meters will be set at customer's property line nearest the gas main whenever possible. Alternative locations must be approved by Company.
3. Access: The Company's authorized agents shall have access to the Company's meters and pipes at all reasonable times for the purpose of inspection, maintenance, connect, disconnect, leak detection, meter turn off and to ascertain the quantity of gas consumed or registered.
4. Testing: Company shall test its meters at reasonable intervals and shall at the time of the test adjust the meter to record accurately.
5. Customer Requested Meter Test: Upon request, the Company shall make a test of the meter serving a customer provided that such tests need not be made more frequently than once in 18 months. If the meter is found accurate under the provisions of 2. E. 6, the Company may charge the customer not to exceed thirty dollars (one hundred dollars for large volume equipment) or the actual cost of such test, whichever is less.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

5. Customer Requested Meter Test: (Continued)

The Company shall notify the customer in advance of the date and time of the requested test so the customer or a representative may be present when the meter is tested.

A report of the results of the test shall be made to the customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test shall be kept on file at the office of the Company.

6. Adjustment of Measurement Errors:

- (a) Fast Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) fast, Company shall refund to the customer the overcharge. If the error is due to a cause the date of which can be determined with reasonable certainty, then the refund will be computed from that date, but in no event for a period longer than one (1) year. If the period of the inaccuracy cannot be determined, then it shall be assumed that the full amount of the inaccuracy existed during the last half of the period since the meter was last tested but not to exceed six months.

If the recalculated bills indicate that a refund more than one dollar (\$1.00) is due an existing customer, or Two Dollars (\$2.00) is due a person no longer a customer of the Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. The refund to an existing customer may be in cash or as a credit on a bill. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

- (b) Slow Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) slow, Company may charge for the gas consumed during the period of inaccuracy, but not included in bills previously rendered. If the error is due to a cause the date of which can be determined with reasonable certainty, then Company may bill the customer for the amount that the test indicates has been undercharged for the period of inaccuracy, but not for a period longer than one (1) year. If the period of inaccuracy cannot be

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 8, 2009~~ ~~November 30, 2010~~
*Effective with bills issued on and after this date.

*Effective Date: ~~January 26, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 26, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

6. Adjustment of Measurement Errors: (Continued)

(b) Slow Meters (Continued)

determined, then the charge shall be based on a corrected meter reading for a period equal to one-half of the time elapsed since the previous test, but not exceed six months. For the purpose of this billing adjustment, the meter error shall be one-half of the algebraic sum of the error at full-rated flow plus the error at check flow. No back-billing from the time of notification by the customer will be sanctioned if the customer has called to the Company's attention his doubts as to the meter's accuracy and the Company has failed, within a reasonable time, to check it.

If the recalculated bills indicate that the amount due the utility exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The first billing rendered shall be separated from the regular bill and the charges explained in detail.

(c) Non-Registering Meters

When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, Company may charge for an estimated amount of gas used but in no event shall such charge be for a period longer than one (1) year.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 8, 2009~~November 30, 2010

*Effective Date: ~~January 26, 2010~~December 1, 2012
Proposed Effective Date: ~~January 26, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

F. Meter Reading:

Meter readings of meters serving customers connected to Company distribution system shall normally be taken by the Company at intervals of approximately 30 days except where noted below. When access to a meter cannot be gained, the customer fails to supply a meter reading form in time for the billing operation or in case of emergency (storms, accidents, etc.), an estimated reading may be rendered. Estimated bills shall be based on the customer's historical actual consumption, if available, or rate schedule history where historical actual consumption is not available. In the case of a customer who has three consecutive estimated billings, the Company will use its best effort to obtain an actual reading. Each customer will receive at least one actual reading within a twelve month period. After a reading is obtained, if there is any material difference, an adjusted bill shall be rendered for the period since the last previous reading of the meter. The Company shall divide the municipality or territory into districts and will read meters in each district at a selected time.

No more than three estimated meter readings will occur for any customer, and no customer will receive estimated bills for two consecutive months more than one time per year.

Rural Customers shall supply meter readings on a form supplied by the Company and return them promptly.

3. COMPANY OWNED ITEMS:

Unless otherwise defined in writing between the customer and the Company, the Company shall own, install and maintain where applicable the following items required to provide service to the point of delivery:

- A. Service pipes.
- B. Meters.
- C. Regulators.
- D. Pressure relief vents and valves.
- E. Shut-off valves.
- F. Connectors and miscellaneous fittings.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

4. STANDARDS FOR CUSTOMER-OWNED FUEL LINES:

When fuel lines are customer owned, customers are responsible for installing and maintaining those fuel lines, including piping and where applicable, appurtenant pressure regulation, valves, jointing, pressure relief valves, fittings and equipment in compliance with the most currently applicable provisions of the American National Standard “National Fuel Gas Code,” ANSI Z 223.1-1974 (NFPA No. 54-1974), and Company and local codes and regulations pertaining to natural gas piping.

- A. Emergency Leak Calls. In the event of an Emergency Leak Call, Company will respond in accordance with the requirements of 49 C.F.R. Part 192.615. There will be no charge to the customer for such calls unless a leak or substandard pipes are found and the Company repairs such at the customer’s request. In such cases, the provisions under “Emergency Service Disconnection” would apply.
- B. Inspections. In response to either a non-emergency request from the customer for an inspection of the fuel lines or a request from the Minnesota Office of Pipeline Safety for a routine inspection, Company will perform tests in accordance with the National Fuel Gas Code, Company standards and local codes and regulations pertaining to natural gas piping. Testing may include, but shall not be limited to, leak detection tests conducted in and around the customer’s residence and “shut-in tests” which involves isolating the section of fuel line from the meter set at the sales point to the customer’s line. Non-emergency tests which are conducted at the request of the customer will be at the customer’s expense. If an inspection results in the detection of a leak or pipe which is below the code specification, the provisions under “Emergency Service Disconnection” would apply.
- C. Emergency Service Disconnection. If an inspection or a response to an Emergency Leak Call detects a leaking fuel line or a line failing to meet code standards, Company is obligated to “red tag” the meter and prevent any gas from following until customer has ensured that the necessary repairs have been made to reinstate the system into compliance with the safety specifications set out in the National Fuel Gas Code. Customers who choose ~~MERC—PNG and MERC—NMU~~ to provide repair service will pay separately for the service. If immediate replacement or repair is impossible the customer may elect, at the customer’s expense, to convert to an alternative source of fuel.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

5. WASTAGE OF GAS

No billing adjustments will be made for wastage of gas that occurs through the customer's fuel line and downstream of the Company's meter even though wastage may occur without the knowledge of the customer. Such wastage, if detected by Company, will be reported to the customer along with necessary recommendations for repair. Wastage of gas which occurs through the Company-owned mains and services will not normally be billed to the customer, provided, however, that any wastage which occurs as a direct result of damage by the customer or a third party to Company property will be billed to that customer or person(s) responsible for such damage.

6. TEMPORARY SERVICE

When the Company renders temporary service to a customer, the customer will bear the costs of installing and removing the service in excess of any salvage realized. The cost shall include the cost of labor, materials, permits, rights-of-way, pavement repairs, taxes imposed on the Company and all other costs incident to the furnishing and installation of the service. The Company may, at its sole discretion, waive all or a portion of such costs.

A customer taking temporary service shall pay the regular rates applicable to the class of service rendered. The rates charged reflect the Commission approved rate of return on that portion of the Company's business under this jurisdiction of this Commission.

The Company may require the customer to make an advance payment sufficient to cover the cost of service as described above.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT

A. Assurance of Payment

The Company may require all customers to make a written application for gas service. If application is approved for service it will be evaluated by the Company and a determination will be made of the need for a cash deposit sufficient to guarantee payment of bills for service rendered. A customer, who within the last 12 months has not had service disconnected for nonpayment of a bill and has not been liable for disconnect for nonpayment of a bill which is not in dispute, shall be deemed to have established good credit.

The Company may in certain situations require a deposit from new customers at the time of application for service and from existing customers. "New Service" means service extended to or requested by any customer who has not received service as a customer for the preceding six months. A utility shall not require a cash deposit or other guarantee of payment as a condition of obtaining new service unless a customer has an unsatisfactory credit or service standing with the utility due to any of the following:

- The customer or applicant has outstanding a prior utility service account with the utility which at the time of request for service remains unpaid and not in dispute;
- The service of a customer or applicant has previously been disconnected for any permissible reason which is not in dispute; or
- The credit history as provided in Minn. Rules 7820.4600 and 7820.4700 demonstrates that payment cannot be assured. The determination of an adequate credit history must be determined by objective criteria, and such criteria must bear a reasonable relationship to the assurance of payment.

Deposits may be required if the existing customer has had service with the company disconnected for nonpayment of an undisputed bill or has been issued a notice of disconnection for an undisputed bill within the last 12 months. "Existing service" means service presently being extended to a customer or which has been extended to a customer within the past six months.

The Company shall not require a deposit of any customer without explaining in writing why that deposit or guarantee is being required and under what conditions, if any, the deposit will be diminished upon return. The Company shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is unavailable.

No deposit shall be required by Company because of customer's income, home ownerships, residential location, employment tenure, nature of occupation, race, color, creed, sex, marital status, age or national origin, or any other criterion which does not bear a reasonable relationship to the assurance of payment of which is not authorized by Minn. Rules 7820.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

B. Guarantees In Lieu of Deposits

The Company may accept, in lieu of a deposit, a contract signed by a guarantor satisfactory to the Company, whereby payment of a specified sum not exceeding the deposit requirement is guaranteed. The term of such contract shall be for no longer than 12 months, but shall automatically terminate after the customer has closed and paid his or her account with the Company, or at the guarantor's request upon 60 days' written notice to the Company. Upon termination of a guarantee contract or whenever the Company deems same insufficient as to amount or surety, a cash deposit or a new or additional guarantee may be required for good cause upon reasonable written notice to the customer. The service of any customer who fails to comply with these requirements may be disconnected upon notice as prescribed in Section 11 of these rules. The Company shall mail the guarantor copies of all disconnect notices sent to the customer whose account he or she has guaranteed unless the guarantor waives such notice in writing.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

C. Amount of Deposit to be Required and Interest Paid

The Company shall not require deposit or guarantee of any customer or applicant for service who has established good credit.

The amount of the cash deposit or surety bond required for Residential Customers shall not exceed the amount of the charge for one month's average usage based on annual normalized consumption.

The amount of the cash deposit or surety bond required for non-residential customers shall not exceed an estimated two months' gross bill or existing two months' bill.

The customer may pay deposits in installments.

Interest shall be paid on deposits in excess of \$20. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year. Interest shall be paid from date of deposit to the date of refund or disconnection. Payment of the interest to the customer will be made at least annually or at the time the deposit is refunded. Interest payments may, at the option of the Company, be made in cash or be a credit to the customer's bill.

EXCEPTION: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

D. Deposit Records and Receipts

Company shall maintain a record of all deposits received from customers showing the name of each customer, the address of the premises for which the deposit is maintained, the date and amount of deposit, and the date and amount of interest paid.

Whenever a deposit is accepted, Company will issue to the customer a nonassignable receipt containing the following minimum information:

- (1) Name of customer.
- (2) Place of deposit.
- (3) Date of deposit.
- (4) Amount of deposit.
- (5) Company name and address, signature and title of Company employee receiving deposit.
- (6) Current annual interest rate earned on deposit.
- (7) Statement of the terms and conditions governing the use, retention and return of deposits.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

E. Deposit Transfers

Service deposits shall be non-transferable from one customer to another customer, however, upon termination of the customer's service at the service address, Company may transfer the deposit to the customer's new active account.

F. Refund of Deposit

Upon termination of service, if the deposit is not to be transferred, the customer's deposit including interest shall be credited on the final bill less any unpaid service due the Company and provided the customer has allowed the Company to remove its meter(s) and equipment in an undamaged condition. Any credit balance will be returned to the customer within 45 days.

Deposits taken from customers who make prompt payments of undisputed bills for natural gas service for a period of twelve (12) consecutive months will be refunded or credited to the customer's bill and will include interest. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year.

G. Credit Reports

Company may not use any credit reports other than those reflecting the purchase of utility services to determine the adequacy of a customer's credit history without the permission in writing of a customer. Any credit history so used shall be mailed to the customer in order to provide the customer an opportunity to review the data.

Refusal of a customer to permit use of a credit rating or credit service other than that of the Company shall not affect the determination of the Company as to that customer's credit history.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT

A. Information on Billing Statements

The Company shall bill each customer as promptly as possible following the reading of his or her meter. The customer's portion of the bill shall show the present and last preceding meter readings, the date of the present reading, and number and kinds of units metered, the class of service, the amount due, the date when the bill is due, any late fees, fuel adjustment clause, and the amount of state and local taxes; all separately itemized. Where applicable, bills shall show the net and gross amount of the bill and the date after which the gross amount must be paid. Bills rendered at rates requiring the measurement of a number of different factors, shall show all data necessary for the customer to check the computation of the bill. Estimated bills shall be distinctly marked as such.

In addition to the display of the appropriate billing determinants as described above, the Company's billing statements to its customers will contain the following information:

1. The statement i.e.: "For assistance contact MERC: (nnn) nnn-nnnn" designating the appropriate local office where the customer may initiate any inquiry or a complaint.
2. A notice to customers of the availability upon request of the Customer Information Booklet described in Subsection 14.B. of these General Rules.

B. Billing Periods

Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly.

If the billing period is longer or shorter than the normal billing period by more than five days, the bill shall be prorated on a daily basis.

Regardless of whether a bill is based on customer reading, Company's reading or Company's estimate of consumption, Company shall have the right to discontinue service for non-payment thereof as provided elsewhere in these Rules, Regulations, Terms and Conditions with respect to delinquent bills.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~November 30, 2010
*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

B. Billing Periods (Continued)

Upon request, the Company shall give the customer the approximate date on which he should receive his bill each month, and if a bill is not received or is lost, the Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve a customer from payment as provided for in the applicable tariff and these Rules and Regulations.

C. Billing Errors

1. Overcharges: When a customer has been overcharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be adjusted, refunded or credited to the customer. Credits shall be shown separately and identified.

When the Company has overcharged a customer, it shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, plus interest, for the period beginning three (3) years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes § 325E.02(b). If the recalculated bills indicate that more than one dollar (\$1.00) is due an existing customer or two dollars (\$2.00) is due a person no longer a customer of Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than three (3) years before the discovery of an overcharge.

2. Undercharges: When a customer has been undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the undercharge may be billed to the customer.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

C. Billing Errors (Continued)

2. Undercharges (Continued)

When the Company has undercharged a customer, the Company shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, for the period beginning one (1) year before the date of discovery. If the recalculated bills indicate that the amount due Company exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The Company shall not bill for any undercharge incurred after the date of a customer inquiry or complaint if the Company failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge. The original billing rendered because of a billing error shall be separated on the regular bill and the charges explained in detail.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than one (1) year before the discovery of an undercharge.

The Company will offer a payment agreement to residential customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the Company, except that the duration of a payment agreement offered by the Company to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household. No interest or delinquency fee may be charged as part of an undercharge agreement under this paragraph.

D. Even Payment Plan

The Company shall offer an Even Payment Plan to all General Service Customers whose accounts are paid in full and who agree to the conditions of the plan. Normally, monthly variations may result from rate increases, fluctuations in Purchased Gas Cost Adjustments, variations in usage, and weather conditions. However, the Even Payment plan is designed to minimize large changes.

Customers may enroll in the program during any month of the year.

The Even Payment Plan may be periodically reviewed by the Company and the monthly installment shall be revised if it appears that the debit or credit balance at the end of the Even Payment period will substantially exceed the estimate.

The annual recalculation month is the same month as the initial anniversary date of enrollment. If a customer's budget changes anytime, the annual recalculation month reflects one year from the change or review. The difference between the accumulated total amount of the customer's billings determined by metered usage, and the accumulated total of the amount paid shall be rolled over into the estimated billing for the upcoming year, and the new Even Pay amount will be calculated using that total.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

E. Late Payment Charge

If the payment is not received on or before the assessed date indicated on the bill, the bill shall be deemed delinquent and a Late Payment Charge will be assessed. Late Payment Charges are assessed on the delinquent amount only, in the percentage and timing indicated on each rate schedule or contract. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended through the next normal working day before the Late Payment Charge is assessed. In the case of a residential customer on either a budget billing plan or a payment schedule “delinquent amounts” means the lesser of the outstanding account balance or the outstanding scheduled payments. The utility shall credit all payments received against the oldest outstanding account balance before the application of any Late Payment Charge. Any balance in excess of \$10 will be assessed a charge.

Residential customers receiving energy assistance may request and receive a one-time waiver, within a 12-month period, of a monthly Late Payment Charge.

The Late Payment Charge will be waived in instances where a Company error is involved, where complications arise with financial institutions in processing automatic electronic payments, or where the bill is disputed.

F. Excise Taxes

When any governmental entity imposes a franchise, occupation, business, sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be surcharged on a proportionate basis to all customers receiving gas service within such governmental entity. This tax charge, in all cases, will be in addition to the regular charges for gas service.

The following franchise fees shall be applicable to bills for natural gas sales within the corporate limits of the listed cities. The Company remits 100% of the franchise fees collected to the local governmental unit.

The Company will notify the Minnesota Public Utilities Commission of any new, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, 60 days prior to its implementation. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of the fee.

The Company will include the following language on the first bill to a customer on which a new or modified fee is listed:

The MUNICIPALITY imposes a X% OF GROSS REVENUES/X% PER METER/\$ PER THERM fee on Minnesota Energy Resources Corporation collectible through a fee on Minnesota Energy Resources Corporation accounts effective MM/DD/YYYY. The line item appears on your bill as “Franchise fee-MUNICIPALITY.” Minnesota Energy Resources Corporation remits 100% of this fee to the MUNICIPALITY.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

Baudette

There shall be added to each customer's monthly natural gas bill a City of Baudette Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Baudette, which is currently a flat fee of \$2.50. The fee is listed on the bill as "Franchise fee-Baudette".

Bemidji

There shall be added to each customer's monthly natural gas bill a City of Bemidji Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Bemidji, which is currently a flat fee of \$3.50. The fee is listed on the bill as "Franchise fee-Bemidji".

Detroit Lakes

There shall be added to each customer's monthly natural gas bill a City of Detroit Lakes Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Detroit Lakes, which is currently a flat fee of \$1.00 plus a volumetric fee of \$0.003 per therm. The fee is listed on the bill as "Franchise fee-Detroit Lakes".

Elgin

There shall be added to each customer's monthly natural gas bill a City of Elgin Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Elgin, which is currently a volumetric fee of \$0.05 per therm. The fee is listed on the bill as "Franchise fee-Elgin".

Jackson

There shall be added to each customers' monthly natural gas bill a City of Jackson Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Jackson, which is currently a flat fee of \$2.00 per meter for residential customers, \$5.00 per meter for commercial customers consuming no more than 500 therms per month, \$10.00 per meter for commercial customers consuming more than 500 but no more than 1,000 therms per month, and \$15.00 per meter for industrial customers consuming more than 1,000 therms per month.. The fee is listed on the bill as "Franchise fee-Jackson".

Lakefield

There shall be added to each customer's monthly natural gas bill a City of Lakefield Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Lakefield, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchisee fee -Lakefield."

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date: ~~June 13, 2011~~

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

Mantorville

There shall be added to each customer's monthly natural gas bill a City of Mantorville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mantorville, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchisee fee – Mantorville."

Mora

There shall be added to each customer's monthly natural gas bill a City of Mora Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mora, which is currently a flat fee of \$2.87. The fee is listed on the bill as "Franchise fee-Mora".

Nashwauk

There shall be added to each customer's monthly natural gas bill a City of Nashwauk Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Park Rapids, which is currently a volumetric fee of \$0.013 per therm, which shall be adjusted annually according to the change in the Henry Hub wellhead natural gas price. The fee is listed on the bill as "Franchise fee-Nashwauk".

Park Rapids

There shall be added to each customer's monthly natural gas bill a City of Park Rapids Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Park Rapids, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchise fee-Park Rapids".

Plainview

There shall be added to each customer's monthly natural gas bill a City of Plainview Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Plainview, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.01 per therm for residential, firm commercial, and industrial customers and \$0.005 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Plainview".

Roseau

There shall be added to each customer's monthly natural gas bill a City of Roseau Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Roseau, which is currently a volumetric fee of \$0.01122 per therm. The fee is listed on the bill as "Franchise fee-Roseau".

St. Charles

There shall be added to each customer's monthly natural gas bill a City of St. Charles Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of St. Charles, which is currently a flat fee of \$1.00. The fee is listed on the bill as "Franchise fee-St. Charles".

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

Staples

There shall be added to each customer's monthly natural gas bill a City of Staples Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Staples, which is currently a flat fee of \$1.50 plus a volumetric fee of \$0.013 per therm, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates. The fee is listed on the bill as "Franchise fee-Staples".

Stewartville

There shall be added to each customer's monthly natural gas bill a City of Stewartville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Stewartville, which is currently a flat fee of \$0.50 for residential and commercial customers and \$0.60 for industrial customers plus a volumetric fee of \$0.005 per therm for residential customers, \$0.0015 per therm for firm commercial and industrial customers, and \$0.0008 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Stewartville".

Thief River Falls

There shall be added to each customer's monthly natural gas bill a City of Thief River Falls Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Thief River Falls, which is currently a flat fee of \$1.00 plus a volumetric fee of \$0.006 per therm. The fee is listed on the bill as "Franchise fee-Thief River Falls".

Wadena

There shall be added to each customer's monthly natural gas bill a City of Wadena Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wadena, which is currently a flat fee of \$2.00 for residential customers, \$5.00 for firm commercial customers, and \$20.00 for interruptible commercial and industrial customers. The fee is listed on the bill as "Franchise fee-Wadena".

Wells

There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of \$2.00 for residential customers, \$2.00 for commercial firm customers, \$30.00 for commercial interruptible customers, \$2.00 for industrial firm customers, \$30.00 for industrial interruptible customers, and \$2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells".

Worthington

There shall be added to each customer's monthly natural gas bill a City of Worthington Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Worthington, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.006 per therm for residential customers, \$0.003 per therm for non-residential customers. The fee is listed on the bill as "Franchise fee-Worthington".

Issued By: Jim Schott

*Effective Date: ~~October 7, 2011~~~~October 13, 2012~~December 1, 2012

Vice President, Regulatory Services Proposed Effective Date: ~~October 7, 2011~~December 1, 2012~~October 13, 2012~~

Submittal Date: ~~August 9, 2011~~August 14, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

G. Returned Check Fee

In the event any check, draft, or negotiable instrument submitted to the Company for payment is dishonored or returned by the financial institution on which it is drawn, the Company will assess a returned check charge of \$15.00.

H. Payment Agreement

The Company will offer a payment agreement to residential customers for the payment of arrears. Payment agreements must consider a customer's financial circumstances and any extenuating circumstances of the household. No additional service deposit may be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~August 9, 2011~~

*Effective Date: ~~October 7, 2011~~ December 1, 2012
Proposed Effective Date: ~~October 7, 2011~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE

A. Disconnection of Service - Permissible Reasons

The Company may disconnect service to any customer for any reason stated below in paragraphs 1 through 14. The Company shall apply the customer's deposit plus accrued interest to any liability of the customer. Any remaining balance of the deposit plus interest which is not in liability to the Company shall be returned to the customer within forty-five (45) days of disconnection. Wherever required, notice must comply with the requirements of Section 10. Any customer whose service has been disconnected pursuant to a reason enumerated in subsection 9.A. of these rules shall be subject to a reconnection charge as set forth in Section 12.

1. Nonpayment of Bill:

With notice, Company may disconnect service for nonpayment of bill only when the amount of the deposit plus accrued interest is inadequate to satisfy the incurred obligations. All disconnections are subject to the "Cold Weather Rule" at Designation 9.D. below.

Bills for service become delinquent if not paid within twenty-five (25) days for residential customers or within seventeen (17) days of the current billing date for non-residential customers. The next billing date for residential customers may not be less than twenty-five (25) days from the current billing date. The current billing date may be no more than three working days before the date of mailing of the bill by the utility for residential and non-residential customers. The due date may be printed on the bill, which is not more than five days before the next scheduled billing date for residential customers. If bills for service become delinquent, the customer will be given sufficient written notice that his service will be discontinued and/or disconnected unless the bill is paid or other appropriate arrangements are made for payment. Service will not be discontinued and/or disconnected until at least five (5) work days have passed after the date of such notice. In the event service is discontinued because of nonpayment of bills, Company will require the payment of a reconnection charge as listed in Section 12.

Bills for service become delinquent as provided above. However, temporary extension of credit may be granted by the Company where a customer has encountered a temporary unforeseen emergency but possesses a definite financial ability to secure funds by a specific date in the near future. Such extension of credit shall be at the sole determination of the Company and subject to approval at the local manager level.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service – Permissible Reasons (Continued)

2. Failure to Meet Deposit and Credit Requirements:

With notice, Company may disconnect or refuse service for failure of the customer to meet the deposit and credit requirements contained herein at Section 7.

3. Non-Compliance with Rules and Regulations:

All service furnished to customer shall be in accordance with these General Rules, Regulations, Terms and Conditions, and in case a customer fails to conform to such Rules, the Company will, after five (5) days' sufficient notice in writing, (unless otherwise provided for herein), discontinue and/or disconnect service unless within such time conditions complained of are remedied. Such notice shall specify the cause of the default and the Company shall cooperate with the customer in suggesting the proper remedy.

4. Breach of the Contract:

With notice Company may disconnect service to a customer who is in breach of the contract for service between the Company and the customer.

5. Tampering With and Care of Company's Property:

No one except an agent of Company or one otherwise lawfully entitled to do so shall be permitted to remove or tamper with Company's meter or connections, or with any of the property of the Company on or about the customer's premises. If at any time the Company shall find that a meter, piping, or equipment, or parts thereof, or other instruments used in furnishing service to the customer have been tampered with by anyone except an agent of Company or one otherwise lawfully entitled to do so, it shall be considered sufficient cause for immediate discontinuance of service by Company.

6. Dangerous Conditions Found on Customer's Premises:

In any case where Company has received notice or knows that a dangerous condition exists with respect to the presence or delivery of natural gas on customer's premises, Company will, without advance notice, refuse to connect if service

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ ~~November 30, 2010~~

*Effective Date: ~~January 1, 2010~~ ~~December 1, 2012~~
Proposed Effective Date: ~~January 1, 2010~~ ~~December 1, 2012~~

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

6. Dangerous Conditions Found on Customer's Premises (Continued)

has not already been connected or shut off the service, and service shall not be resumed until such dangerous condition shall have been eliminated.

7. Failure to Provide Access:

With notice for failure of the customer to provide the Company reasonable access to its equipment as provided in Subsection 2.E.3.

8. Failure to Furnish Service, Equipment and/or Right-of-Way:

With notice for failure of a customer to furnish such service, equipment and/or rights-of-way necessary to serve said customer as shall have been specified by the Company as a condition of obtaining service. Such disconnection shall remain until the defective condition is cured or within a reasonable time for compliance.

9. Customer Request for Discontinuance of Service:

(a) Permanent Disconnection:

Except where otherwise specified in the contract, customer may discontinue his service upon giving two (2) days written notice to the Company, at its office, of his intention to do so. Customer shall be liable for all service supplied to the premises for which customer has made application for service until the date specified in customer's notice of intention of discontinuing service, provided such date does not give Company less notice than specified above. Where two (2) days notice is required, Sundays and legal holidays shall not be included in such period. When a change in occupancy takes place on any premises, which is served by the Company, notice shall be given at the office of the Company two (2) days prior to the date of such change. In case no such notice is given to the Company, the outgoing occupant shall be responsible for all service supplied until such notice is given to the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

9. Customer Request for Discontinuance of Service (Continued)

(b) Temporary Disconnection:

Company may temporarily disconnect service upon written request by the customer, providing the Company is not entitled to otherwise disconnect service. Temporary disconnection of service for this reason does not require a refund or forfeiture of deposit nor an interruption of interest. A reconnect fee of \$30 during normal business hours or a premium charge outside normal business hours consistent with current overtime rates, with a maximum reconnect fee of \$45, to re-initiate service shall be charged in addition to the monthly service charge for the period of disconnection.

10. Disconnection Without Notice:

Without notice a utility may disconnect service to any customer for any reason stated below:

- A. in the event of an unauthorized use of or tampering with the utility's equipment; or
- B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, or to the public.

11. Reselling or Redistribution of Service:

The service furnished is for the sole use of the customer who shall not sell any of such service to any other person or permit any other person to use the same without written consent of the Company. For the violation of this condition, the Company may, after forty-eight hours written notice, remove its meters and discontinue its service.

12. Fraudulent Use of Service:

In case gas is used fraudulently in any manner on the premises occupied by customer with or without customer's knowledge, the service will be shut off without any advance notice and service shall then not be resumed until customer shall have given satisfactory assurance that such

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

12. Fraudulent Use of Service (Continued)

fraudulent use of gas will be discontinued and shall have paid to Company such an amount estimated by Company to be a reasonable payment for gas fraudulently used and not paid for.

13. Disregard of Curtailment Orders:

Willful or continued failure of an interruptible customer to comply with curtailment orders issued by Company shall be sufficient cause for discontinuance of such service by Company even though customer pays the penalty specified in the rate schedule. If service is discontinued, a reconnection charge, in addition to the overrun deterrent and liquidating damages charge set out herein and normal rate for gas consumed, will be required to be paid before service is restored.

14. Compliance with Request from Governmental Authority Having Jurisdiction:

With notice, when necessary for Company to comply with any Order or request of any governmental authority having jurisdiction.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

B. Non-Permissible Reasons to Disconnect Service:

1. Delinquency by Previous Occupant:

Delinquency in payment for services rendered to previous customer who occupied the premises unless said customer continues to occupy the premises.

2. Failure to Pay for Merchandise, etc:

Failure to pay for merchandise, appliances or services not approved by the Commission as an integral part of the Company services.

3. Failure to Pay - Different Class of Service:

Failure to pay for a different class of service.

4. Failure to Pay - Another Meter:

Failure to pay for a bill based on concurrent charges from another meter.

5. Failure to Pay - Previous Underbilling Due to Inaccurate Meter or Billing Error:

Failure to pay for a bill to correct previous underbilling due to an inaccurate meter or billing error, if the customer agrees to payment over a reasonable period of time.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

C. Landlord - Tenant Rule:

In situations where the service is rendered at an address different from the mailing address of the bill, or where the Company has reason to know that a landlord-tenant relationship exists and that the landlord is the customer of the Company; and where the landlord as customer would otherwise be subject to disconnection of service; the Company may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the Company, after providing notice as required in these Rules, shall offer the occupant the opportunity to subscribe for service in her or his own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the Rules.
2. Company shall not attempt to recover from a tenant, or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

D. Disconnection During Cold Weather:

1. Scope: This section applies only to the Company's residential customers.
2. Definitions: The following definitions apply in this section.

"Cold weather period" means the period from October 15 through April 15 of the following year.

"Customer" means a residential customer of the Company.

"Disconnection" means the involuntary loss of utility heating service as a result of a physical act by the Company to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

"Household income" means the combined income, as defined in Minn. Stat. § 290A.03, subd. 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

"Reasonably timely payment" means payment within five working days of agreed-upon due dates.

"Reconnection" means the restoration of utility heating service after it has been disconnected.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date: ~~September 8, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 26, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 26, 2010~~ December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

2. Definitions (Continued)

“Summary of rights and responsibilities” means a notice approved by the Minnesota Public Utilities Commission that contains, at a minimum, the following:

- (a) an explanation of the provisions of Section VIII.9.D.5 and Minn. Stat. § 216B.096, subd. 5;
- (b) an explanation of no-cost and low-cost methods to reduce the consumption of energy;
- (c) a third-party notice;
- (d) ways to avoid disconnection;
- (e) information regarding payment agreements;
- (f) an explanation of the customer’s right to appeal a determination of income by the Company and the right to appeal if the Company and the customer cannot arrive at a mutually acceptable payment agreement; and
- (g) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the Company.

“Third-party notice” means a notice approved by the Minnesota Public Utilities Commission containing, at a minimum, the following information:

- (a) a statement that the Company will send a copy of any future notice of proposed disconnection of Company service to a third party designated by the residential customer;
- (b) instructions on how to request this service; and
- (c) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the Company with the party’s name.

“Company” means ~~MERC—PNG and MERC—NMU~~.

“Utility heating service” means natural gas used as a primary heating source for the customer’s primary residence.

“Working days” means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

3. Company Obligations Before Cold Weather Period

Each year, between September 1 and October 15, the Company must provide all customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

4. Notice Before Disconnection During Cold Weather Period

Before disconnecting utility heating service during the cold weather period, the Company must provide, personally or by first class mail, a Minnesota Public Utilities Commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

5. Cold Weather Rule

During the cold weather period, the Company may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the Company.

The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

6. Verification of Income

In verifying a customer's household income, the Company may:

- (a) accept the signed statement of a customer that the customer is income eligible;
- (b) obtain income verification from a local energy assistance provider or a government agency;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

6. Verification of Income (Continued)

(c) consider one or more of the following:

- (i) the most recent income tax return filed by members of the customer's household;
- (ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;
- (iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;
- (iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or
- (v) other documentation that supports the customer's declaration of income eligibility.

A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

7. Prohibitions and requirements

This section applies during the cold weather period.

The Company may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the Minnesota Public Utilities Commission under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8.

A utility may not disconnect service during the following periods:

- (a) during the pendency of any appeal under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8;
- (b) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to a customer in an occupied dwelling;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

7. Prohibitions and Requirements (Continued)

(c) earlier than ten working days after the Company has deposited in first class mail the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to the recorded billing address of the customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(d) on a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(e) on a Saturday, Sunday, holiday, or the day before a holiday;

(f) when the Company offices are closed;

(g) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(h) when the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during nonbusiness hours. If personal contact is made, the Company representative must provide notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

The Company must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the Minnesota Public Utilities Commission because the customer and the utility are unable to agree on a payment agreement.

8. Disputes; Customer Appeals

The Company must provide the customer and any designated third party with a Minnesota Public Utilities Commission-approved written notice of the right to appeal:

(a) a Company determination that the customer's household income is more than 50 percent of state median household income; or

(b) when the Company and customer are unable to agree on the establishment or modification of a payment agreement.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

8. Disputes; Customer Appeals (Continued)

A customer's appeal must be filed with the Minnesota Public Utilities Commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.

Notwithstanding any other law, following an appeals decision adverse to the customer, the Company may not disconnect utility heating service for seven working days after the Company has personally served a disconnection notice, or for ten working days after the Company has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

9. Customers Above 50 Percent of State Median Income

During the cold weather period, a customer whose household income is above 50 percent of state median income:

(a) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(b) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by the Company.

The second sentence in Section VIII.9.D.7 does not apply to customers whose household income is above 50 percent of state median income.

10. Reporting

Annually on November 1, the Company must electronically file with the Minnesota Public Utilities Commission a report, in a format specified by the Minnesota Public Utilities Commission, specifying the number of the Company's heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, the Company must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of the Company's heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of the Company's heating service customers that are reconnected to service each week. The Company may discontinue weekly reporting if the number of the Company's heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

10. Reporting (Continued)

The data reported under this section and Minn. Stat. § 216B.096, subd. 10 are presumed to be accurate upon submission and must be made available through the Minnesota Public Utilities Commission's electronic filing system.

E. Notice to Cities of Utility Disconnection

Notwithstanding Minn. Stat. § 13.685 or any other law or administrative rule to the contrary, upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, the Company will make a report available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, the Company will make daily reports available of the address and date of any newly disconnected properties.

For the purpose of this section, "disconnection" means a cessation of services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.

F. Medical Emergencies

The Company shall reconnect or continue service to a customer's residence where a medical emergency exists, provided that the Company receives: (1) written certification, or initial certification by telephone and written certification within five business days, from a medical doctor that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household; and (2) the customer's consent to a payment arrangement for the amount in arrears.

10. NOTICES: OTHER TIME REQUIREMENTS

A. Where required, all notices required by these Rules of impending action by the Company shall be by First Class Mail. Notice shall be sent to the address where service is rendered and to the address where the bill is sent if different from the address where service is rendered. A Company representative will make an affidavit under oath that he deposited in the mail the notice properly addressed to the customer.

B. All notices required by these Rules must precede the action to be taken by at least five (5) days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs, presently exists.

C. In lieu of mailing, notices may be delivered by a representative of the Company. They must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer's family of a responsible age or affirmed in writing by the representative of the Company that delivery was attempted in good faith.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

10. NOTICES: OTHER TIME REQUIREMENTS (Continued)

- D. A record of all notices required by these Rules must be kept on file by the Company and must be available to the Commission.
- E. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal easy-to-understand language.

11. MANNER OF DISCONNECTION WHERE NOTICE IS REQUIRED

- A. Service may be disconnected only in conjunction with a personal visit by a Company representative to the address where the service is rendered and an attempt to make personal contact with the customer at the address. If the address is a building containing two or more dwelling units, the representative shall make a personal visit to the door of the customer's dwelling unit within the building. If security provisions in the building preclude free access on the part of the representative, the representative shall attempt to gain access to the building from the caretaker, for the purpose of attempting to make personal contact with the customer.
- B. The representative of the Company shall, at all times, be capable of receiving payment other than cash, if nonpayment is the cause of the disconnection of service. If the disconnection or suspension be for cause other than nonpayment, the representative shall be able to certify that the cause has been remedied by the customer.

12. RECONNECTION FEE

In the event service has been disconnected because customer could not pay the bill or meet deposit or credit requirements, the customer shall pay a reconnect fee of thirty (\$30.00) dollars in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. Reconnection outside of normal business hours shall be calculated at a premium charge, consistent with current overtime rates, with a maximum reconnect fee of \$45.

EXCEPTION: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.3, 7, 8, 9, or 14, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$30.00 in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.4, 5, 10, 11, 12, or 13, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$100.00, plus the costs of disconnection and reconnection incurred by the Company, in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored.

The customer will not be required to pay a reconnection fee when the disconnection was because of a condition determined to be hazardous to the customer, other customers of the Company, to the Company's equipment, or to the public.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES

Whenever the customer advises the Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the services is in dispute, the Company shall:

- A. Investigate the dispute promptly.
- B. Advise customer of investigation and its result.
- C. Attempt to resolve dispute.
- D. Withhold discontinuation of service until the investigation is completed and the customer is informed of the findings in writing.
- E. Upon the findings of the Company, the customer must submit payment in full of any bill which is due.
- F. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to the Company. Such payment shall be called an "escrow payment".
- G. Escrow Payments:
 1. To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an "escrow payment form", clearly marked and provided by the Company.
 2. The "escrow payment form" must provide space for the customer to explain why the Company's resolution of the dispute is unsatisfactory to the customer. The form must be in three (3) copies, one of which will be retained by the customer.
 3. A copy of the "escrow payment form" must be forwarded by the customer to the Public Utilities Commission.
 4. Any escrow payment to the Company may be applied by the Company as any normal payment received by the Company.
 5. After escrow payment has been made, the customer and the Company may still resolve the dispute to their mutual satisfaction.
 6. By submitting the "escrow payment form" to the Commission, a customer is deemed to have filed an informal complaint against Company pursuant to the Commission's Rules.
 7. Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by an 8 percent per annum interest charge from the date of payment to the date returned by the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES (Continued)

- H. The customer may apply to the Company to waive its right to disconnect. If the Company refuses to waive its right to disconnect, the customer may apply to the Commission for emergency status. If the Commission determines the customer has a probable claim in the dispute and that hardship may result in the event of discontinuation of service, it may declare an emergency status to exist and order the Company to continue service for a period not to exceed thirty (30) days.
- I. Notwithstanding any other Rule herein to the contrary, Company shall not be obligated to suspend discontinuance of service upon the filing for review with the Commission, unless the customer shall pay, when due, all current bills due while the review is pending. If, following the first filing for review, the Commission, the same customer or any other person, files for any subsequent review by the Commission pertaining to the same account, such subsequent filings shall not relieve customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing, shall be considered to be made into escrow.

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC

A. Customer Complaint Procedure:

Company shall attempt to resolve all customer inquiries, requests and complaints during regular business hours.

If any complaint cannot be promptly resolved, the Company shall contact the customer within five (5) business days and at least once every fourteen (14) calendar days thereafter, and advise the customer regarding the status of the investigation until:

1. The complaint is mutually resolved; or
2. Company advises customer of the results of its investigation and final disposition of the matter; or
3. Customer files a written complaint with the Public Utilities Commission or the courts.

When the Minnesota Public Utilities Commission forwards a customer complaint to the Company, the Company shall notify the Commission within ten (10) business days regarding the status or disposition of the complaint.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC
(Continued)

B. Customer Information - Assistance of Company Agent:

The Company will offer to each new customer and make available to existing customers a Consumer Information Booklet which will provide a summary of the rules and regulations under which Company provides service and which will comply with the requirements of Minn. R. 7820.0200.

A complete set of these Rules and Regulations, as well as the Rate Schedules relating to the town border service of the Company are set forth in Company's Tariff. A copy of Company's Tariff as filed with and approved by the Minnesota Public Utilities Commission is available for inspection at the various offices of the Company where applications for service are received.

A customer will have access to its own billing, complaint, payment and deposit records and the Company will furnish additional information as the customer or applicant may reasonably request.

Upon request, the Company's agent in charge will assist any interested party in procuring information with reference thereto as may be desired. Where the Company's rate schedules provide optional rates for the same character of service, the customer shall select the rate schedule under which he elects to be billed and agrees to take service there under for a period of not less than one year. The Company will assist any customer or prospective customer to apply the Company's rate schedule, General Rules, Regulations, Terms and Conditions, and where optional schedules are available will advise such customer or prospective customer upon request as to the schedule appearing, upon information then available, to be most advantageous to the customer for the character of service to be taken.

C. Compliance with Rate Schedules:

In order to secure the benefit of any rate schedule, customer must use service for the purposes and in accordance with conditions specified in the schedule for such rate. A customer using service for purposes not permitted in rate schedule specified in service application shall be required to execute a new service application referring to the proper rate schedule. Company reserves the right to rebill for service rendered under the rate schedule applicable thereto for the period during which such service was in effect.

D. Oral Agreements:

Agents of the Company are not authorized to bind the Company except by a duly executed written instrument.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC
(Continued)

E. Customer Service Practice:

The Company makes every possible effort to maintain its natural gas delivery system in good operating condition and adheres to published codes that customer appliances are manufactured under approved safety standards for safe, reliable operations at all times. A staff of qualified service personnel is maintained by the Company to perform those services necessary to enforce this policy. The service department operates on a five-day week, Monday through Friday, normal business hours except holidays. Emergency service is available on a 24-hour per day basis at all other times. Services consist of two groups; work for which no charge is made to the customer, and work for which costs are charged to the customer on a time and material basis, as follows:

1. Services on Customer Premises at no Charge – With the exception of those services performed to reconnect customers who have been disconnected for non-payment of utility bills, no charge is made for the following:
 - a) Turning on the natural gas supply for customers moving to premises served with gas.
 - b) Turning off the natural gas supply for customers moving from premises served with gas.
 - c) Repairing or replacing Company-owned equipment on customers' premises, including the meter, house regulator or piping associated thereto.
 - d) Inspecting and investigating potentially hazardous gas supply conditions on customers' premises.
2. Chargeable Services on Customer Premises – All other services on the customer's premises are chargeable to the customer. This includes such items as lighting pilots; adjusting appliances; changes, modifications and repair of house piping and service lines; repair or replacement of controls and other appliance parts; and cleaning and inspecting customer owned gas burning devices for malfunctions.

F. Account History Charge

If an authorized party requests the Company to provide 12 months or more of usage history for a non-Residential customer, the Company shall charge the authorized requesting party a fee of \$30 per account for providing the information.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

15. INFORMATION FROM CUSTOMERS

A. Defective Equipment:

In case gas is found by customer to be escaping from any pipes or equipment in or about the customer's premises, the customer shall notify the Company immediately. Defective appliances shall be disconnected at once and properly repaired before using again. In case of interruption of service, customer shall notify the Company immediately.

B. Gas Load Analysis Data:

Each customer, upon request, shall furnish Company such reasonable data, as, in Company's judgment, is necessary for the proper analysis of the gas load requirements of the customer.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY

A. Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to customers. The following priorities will be followed when operational and supply conditions require service interruptions with highest priorities listed first:

1. General Service Customers.
2. Small Volume Firm.
3. Large Volume Firm.
4. Small Volume Interruptible.
5. Large Volume Interruptible.

B. Curtailment of Service to Interruptible Customers

1. Standard Order of Curtailment: When in the opinion of the Company it becomes necessary to curtail or interrupt service to any of the Company's Interruptible Customers, such service shall be interrupted in the following order to protect deliveries to General Service Customers:

First: Large Volume Interruptible Customers.

Second: Small Volume Interruptible Customers.

Company must comply with curtailment plans, orders, definitions and classifications as set out in Federal Energy Regulatory Commission Gas tariffs of wholesale pipeline suppliers and in the rules and orders of regulatory or governmental bodies having jurisdiction.

2. Partial Curtailment: Where curtailment of only part of the deliveries of gas under similar interruptible classification is necessary, all customers under such classification will over a reasonable period of time, be treated alike so far as practicable.
3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: In the event an interruptible customer takes any volume of gas in excess of authorized limitations ordered by the Company, the customer shall be billed an overrun deterrent and liquidated damages charge. Such charge shall be that amount set out in the rate schedule or contract and will be in addition to the normal rate for volumes consumed. The only exceptions shall be when the volumes were taken because of a force majeure operating situation of the customer as defined in his contract or rate schedule.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailment of Service to Interruptible Customers (Continued)

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: (Continued)

The customer, in addition to taking all possible steps to stop such unauthorized takes of gas shall notify Company at once by phone or wire whenever a force majeure situation arises as a result of which the customer proposes to request waiver of the unauthorized overrun deterrent and liquidated damages charges, and shall furnish proof in writing satisfactory to Company, that such unauthorized gas volume takes were the direct result of such force majeure situation.

C. Emergency Repairs

The Company reserves the right to shut off gas at any time when such action is necessary for the purpose of making repairs or in case of any emergency. In such case, Company shall make every reasonable effort to restore service at the earliest practical moment. Any interruption of service will not relieve customer from any charges for service which has actually been rendered.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

17. TITLE

The Company warrants the title to the natural gas delivered and that it has good right and lawful authority to sell the same.

18. LIABILITY OF PARTIES

Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company and the customer each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party. Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company will use reasonable care to provide an uninterrupted and regular supply of service, and the Company shall not be liable for any losses, injuries or damages resulting from any interruption, disturbance, deficiency or imperfection of service unless and to the extent they are due to wilful misconduct or gross negligence on its part. In no event shall the Company be liable for any loss of profits or other consequential damages resulting from the use of service or from an interruption, disturbance, deficiency or imperfection of service.

The Company shall not be liable to the customer for its failure to deliver gas and the customer shall not be liable to the Company for its failure to receive gas when such failure on the part of either shall be due to accident to or breakage of pipelines, machinery or equipment, fires, floods, storms, weather conditions, strikes, riots, legal interferences, act of God or public enemy, shutdowns for necessary repairs and maintenance, failure or curtailment of gas supply or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that if the customer fails to take and receive gas made available for delivery by Company, customer shall nonetheless be charged the minimum bill as provided for and defined in the Commission approved rate schedule under which customer is served. The Company shall not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through the Company's meter herein defined as "point of delivery," nor for defects in the customer's piping or appliances. Neither shall the Company be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source, curtailments or reallocations by regulatory authorities with jurisdiction, or the inability to maintain capacity to meet gas requirements hereunder at the time.

It is the customer's responsibility to provide and maintain in good working order all pipes and valves to take the gas from the said meter, and all equipment used in the burning of the said gas, and shall also provide and maintain in good working order all vents necessary to efficiently take all gas fumes (including unburned gas, if any) to the outside air.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

19. GOVERNMENTAL ACTION AND AUTHORITY:

A. Regulatory Action

The purchase and sale of gas by the Company is subject to all valid legislation with respect thereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. The Company reserves the right to make and to file with any and all duly constituted authorities having jurisdiction, changes in terms and conditions of service or new terms and conditions including, but not limited to, changes in rates or new rates.

The Company shall permit the staff of duly constituted authorities having jurisdiction to inspect during regular business hours, all of the Company's operations and records relating to customer service in Minnesota.

B. War and National Defense

During any period in which a state of war exists between the United States and any foreign power, both customer and the Company shall recognize that the national defense is paramount to any contractual obligations then existing between them and notwithstanding the provisions of any such contract, neither shall assert, nor be required to assume, any obligation which is inconsistent with or contrary to any governmental policy, rule, regulation or order made, issued or promulgated in the promotion thereof.

20. ALTERATIONS OF RULES AND REGULATIONS

No agent or employee has the right to modify or alter the application, rates, terms and conditions of these rules and regulations or the tariff of which they comprise a part or to make any promises or representations not contained herein or in supplements and revisions hereto, except by following the regular procedures for tariff changes as specified by the Minnesota Department of Commerce.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
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EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Designation 9.A.3 of these Rules and Regulations.
 - (a) New residential service except as exempted in A.2 below.
 - (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.
 - (c) Commercial service, new and expanded requirements except as exempted in A.2 below.
 - (d) Industrial service - new and expanded requirements.
2. Applications for natural gas service are not required for:
 - (a) Additions to base load appliances for clothes drying, water heating and cooking.
 - (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.
3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.
4. All applications will be reviewed by Company's management and shall be processed in the following manner:
 - (a) Approved.
 - (b) Denied.
 - (c) Retained for future use, subject to cancellation by applicant.
5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

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EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will be Considered for Attachment

1. New Service:

(a) Residential Customers Based on the Following Conditions:

(i) Natural gas will be used for approved residential purposes in a single family and/or multifamily dwelling when individually metered, or master metered dwelling units where either a) or b) below prevent individual metering of service.

a) Gas is used in centralized heating, cooling, water heating or ventilation units.

b) Where individual metering is impractical, unreasonable, or uneconomical.

(ii) If an alternate form of energy other than solar is used for heating, it must provide 100% of peak day heating requirements.

(iii) Application approvals will be based on the date of pending applications, providing the above conditions are met and appropriate certifications are provided by owner.

(b) Firm Commercial and Industrial Service Based on the Following Conditions:

(i) Natural gas will be used for approved commercial and industrial purposes. This excludes gas used for irrigation, alfalfa dehydration and grain drying.

(ii) Customer's total requirement must be less than 200 dekatherms on a peak day.

(iii) If an alternate form of energy other than solar is used, it must provide 100% of peak day heating requirement.

(iv) Customer must comply with heat loss or insulation standards established by Federal or State mandate or as Company may establish in its tariff.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(c) Interruptible Service Based on the Following Conditions:

- (i) Company determines that the anticipated revenue from the new load is sufficient to prevent undue burden on existing ratepayers and conditions justify such service.
- (ii) Load to be connected must not be prohibited by the connection policy of the pipeline supplier or be in violation of any end use standards promulgated by State or Federal agencies.
- (iii) Applicants for service must agree to comply with all provisions of the service line extension policy described in Section IX.2 of this tariff.

(d) Rural and Agricultural service to Right-of-Way Grantors in accordance with easement agreements executed with the supplier under the following conditions:

- (i) Applications for service must refer to and be based upon an easement clause which grants a right to a tap on the pipeline constructed pursuant to the easement.
- (ii) Applicant must be the Grantor of the easement, or his successor or assignee.
- (iii) The pipeline tap must be on a part of the property described in the easement.
- (iv) The right to the tap set forth in the easement may not have been previously exercised.
- (v) The volume of gas to be delivered through the tap may not exceed the smaller of the capacity of the initially installed small volume meter or the limits established by the wholesale supplier for small volume users.
- (vi) Supplier must obtain requisite regulatory authority to make the sale.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(vii) Gas delivered through the tap will not be resold to others by the Applicant or any of his successors.

(viii) Gas delivered will not be used for such commercial services as grain drying.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2011~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2011~~ December 1, 2012

*Effective with bills issued on and after this date.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES

A. Residential Stand-Alone Service Extensions

For residential services added in an existing service area where no main extension is required and no prior feasibility study included the proposed service line, Company will, without requiring a contribution in aid of construction, provide 75 feet of service line to a permanent structure using gas for primary space heating, as measured from the customer's property line and subject to Company operating standards. Service line extensions beyond 75 feet will require a contribution in aid of construction, which shall be determined based on the incremental cost of the additional footage, not to exceed \$5.00 per foot.

For residential service extensions to a structure that does not use gas for primary space heating, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

B. Service Extensions

For residential customers where both a main and service extension is required and for all extensions to serve commercial and industrial customers, regardless of whether a main extension is involved, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction. At its option, the Company may recover the amount of the contribution in aid of construction from the developer or directly from the customer. When longer than typical service lines are omitted from the feasibility study for a particular development, the Company shall determine the contribution in aid of construction for the individual, longer service lines based on the incremental cost of the additional footage in excess of the typical footage used in the study for that development and shall recover the contribution in aid of construction from the individual customer served by the longer service line.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

C. Feasibility of Mains and Services

In determining whether the expenditure is economically feasible, the Company shall take into consideration the total cost of serving the applicant including, but not limited to, the total investment, including mains and service related investment, the annual volume of gas to be sold, operating and maintaining expenses, margin, the acceptable level of return on the required investment, and potential for additional sales through the new facility. The specific uniform factors used by the Company in conducting its feasibility analysis along with a description of the current feasibility model are contained as an exhibit to the General Rules, Regulations, Terms and Conditions portion of this tariff. The Company will not use other uniform factors or change the feasibility model without filing an amended exhibit. Company will apply the general principal that the rendering of service to the applicant shall not result in undue burden on the other customer. If a contribution in aid of construction is required, it will be based on the results of the feasibility model.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charge

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by November 31 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, the anticipated winter construction charges will be included in determining the feasibility and any necessary contribution in aid of construction. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes.

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Included within the base winter construction charge and the frost charge are the use of any thawing devices or other equipment required to install as needed.

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s). Current winter construction charges are as follows:

- Winter Construction Charge: \$5.28 (7 County Metro), \$4.76 (out-state) per lineal foot;
- Frost Charge: \$5.81 (7 County Metro), \$5.55 (out-state) per lineal foot.

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a one time charge of \$264.03 regardless of the number of thawing devices required.

E. Extension of Mains - Limitations

The Company reserves the right to refuse to install its facilities in or to any lot, tract or area if in the Company's judgment it is not economically feasible per the tariffed feasibility models, is not safe for the Company's personnel, the customer, or the general public, or the lot, tract, or area is located remotely from the Company's other general service areas such that effective service, operations, or emergency response capabilities are impacted.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

F. Title To Facilities

—Title to all facilities herein provided for, together with all necessary right-of-way, permits and easements shall be and remain in the Company. As a condition of receiving service, the customer shall grant to the Company, without cost, all rights-of-way, easements, permits and privileges which are necessary for the rendering of gas service.

G. Exhibits

Exhibit For Main and Service Extension Feasibility Model

The Company has developed the following feasibility model to be used to determine if a contribution in aid of construction is required by the customer. Economic feasibility is determined by a combination of 10-year Net Present Value (NPV) and 5-year Return On Equity (ROE) calculations.

The following provides a sample of the model the Company will use in conducting its feasibility study, when one is required pursuant to Section IX.2 of its tariff, including a description of the project-specific inputs required, the current applicable rates used in the calculations and the outputs generated. A copy of the feasibility study actually conducted for a project will be retained by the Company in the corresponding job file.

Input Screen:

Line 3: Project Name: Enter the project name.

Line 8: Projected Number of Incremental Residential Customers – Enter the incremental number of residential customers projected for each year of the project. (To be determined by Sales or Operations personnel based on past experience with developer, geographic location, economy, etc.).

—Line 9: Total Residential Customers Per Project – Calculated by model.

Line 10: Per Average Residential Customer Dekatherm Usage – Enter the average annual usage per residential customer. (To be determined annually based on recent history of weather normalized consumption data).

Line 11: Margin Per Dekatherm – Current distribution charge for residential customers as specified by tariff.

Line 12: Monthly Residential Customer Charge – Current monthly customer charge for residential customers as specified by tariff.

Line 15: Enter YES if model is being used to analyze a single Commercial/Industrial customer with escalating usage over time.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 16: Projected Number of Incremental Commercial/Industrial Customers – Enter the incremental number of Commercial/Industrial customers projected for each year of the project. (To be determined by Sales or Operations personnel based on input from prospective customer(s), geographic location, economy, etc.).

Line 17: Total Commercial/Industrial Customers Per Project – Calculated by model.

Line 18: Per Average Commercial/Industrial Customer Dekatherm Usage – Enter the average annual usage per Commercial/Industrial customer.

Line 19: Margin Per Dekatherm – Current distribution charge for Commercial/Industrial customers as specified by tariff.

Line 20: Monthly Commercial/Industrial Customer Charge – Current monthly customer charge for Commercial/Industrial customers as specified by tariff.

Line 24: From Customer Estimate Form: Capital investment carried forward from electronic Customer Estimate Form if used.

Line 26: Infrastructure Cost – Mains – Enter the estimated infrastructure costs for mains. (As calculated by Operations/Engineering personnel).

Line 27: Cost Per Residential Customer – Services – Enter the estimated average cost per residential service associated with the project. (As calculated by Operations/Engineering personnel based on historic information and/or information provided by developer).

Line 28: Cost Per Commercial/Industrial Service – Services - Enter the estimated average cost per Commercial/Industrial service associated with the project. (As calculated by Operations/Engineering personnel based on historic information).

Line 29: Customer Contribution (if required) – Customer contribution required, calculated by the model on Line 69.

Line 33: Cost Per Residential Customer – Other – Enter any extraordinary costs associated with residential customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~November 30, 2010

*Effective Date: ~~January 1, 2010~~December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~December 1, 2012

*Effective with bills issued on and after this date.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 34: Cost Per Commercial/Industrial Service – Other - Enter any extraordinary costs associated with Commercial/Industrial customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Line 36: Customer Acquisition Costs – Direct “Fixed” - Enter any extraordinary costs associated with the project that are non-customer specific. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Output Screen:

The Output Screen contains calculations from the Input Screen and Support Screen.

Line 45: Projected Margins From Residential Customers: (margin/dekatherms x accumulated residential usage volume) + (monthly customer charge x accumulated number of residential customers x 12 months).

Line 46: Projected Margins From Commercial/Industrial Customers: (margin/dekatherms x accumulated Commercial/Industrial usage volume) + (monthly customer charge x accumulated number of Commercial/Industrial customers x 12 months).

Line 47: Total Margins From Project: Projected Margins From Residential Customers + Projected Margins From Commercial/Industrial Customers.

Line 51: Total Incremental Investment By Year: Estimated main cost, Line 26 + (projected number of residential customers, Line 8 x estimated cost per residential service, Line 27) + (projected number of Commercial/Industrial services, Line 16 x estimated cost per Commercial/Industrial service, Line 28) + customer contribution, Line 69.

Line 52: Total Net Project Investment: Sum of all annual incremental investments.

Line 54: Total Other Costs Incurred (Variable & Fixed): Customer acquisition costs, Line 36 (direct fixed) + Line 33 (variable residential customer) + Line 34 (variable Commercial/Industrial customer).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 59: Net Present Value (NPV) @ 10 Years with Residual: Must be > 0 to be acceptable. The NPV is the derivation of the net cash flows from Line 103 for the first ten years of the project discounted by the rate found on Line 79 (8.15%).

Line 60: Net Present Value @ 10 Years without Residual: Net present value @ 10 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 61: Net Present Value @ 20 Years without Residual: Net present value @ 20 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 63: Average R.O.E. @ 5 years: Average return on equity at 5 years. Must be greater than 11.5% to be acceptable. The numerator (Net Income) per Line 116 is the simple sum of the net income from the first five years of the project divided into the denominator (Average Common Equity) per Line 110 which is the simple sum of the average common equity for the first five years of the project.

Line 64: Average R.O.E. @ 10 years: Average return on equity at 10 years.

Line 67: This is the estimated Customer Contribution (calculated by the model) to close the gap between the calculated ROE for the project and the targeted ROE (11.5%) per Line 63. The formula for the estimated contribution is $(E110) * (.115 - H63) / E84$ less $((\$N\$79 * ((\$E\$82 + \$E\$83 + \$E\$86) / (1 + \$E\$81))) / \$E\$84)$. This required contribution is calculated using the Goal Seek function (See Line 69). The required inputs are: Row 1) Set Cell input H67; Row 2) To Value, input "0"; and Row 3) by Changing Cell, input H69.

Line 69: Amount of Required Customer Contribution by Year Transferred to Input Screen (Line 29). Using a Microsoft/Excel software function (Goal Seek) the optimization of the project required contribution is calculated, that is the exact dollar amount, no more no less, to drive the project to the targeted ROE (11.5%) per Line 63. Typically the Customer Contribution will be collected in Year 1.

Line 73: Project Margins Allocated – Percentage of margins applied to incremental O&M and system/infrastructure costs (33%).

Line 74: Contract Length: Number of years used for calculations (30 years for residential).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Support Screen:

Line 79: Targeted Discount Rate: Current value = 8.15%. $((50\% \times 11.5\%) + ((50\% \times 8\%) \times (1 - \text{tax rate}))) = 8.15\%$.

Line 80: Effective Income Tax Rate: Current value = 40.00%.

Line 81: Statutory Income Tax Rate: Current value = 40.00%.

Line 82: Selected Depreciation Rate: 3.33% (30 year estimated life, unless contract length specified).

Line 83: Property Tax/Insurance Rate: Current value = 2.00%.

Line 84: Equity as a Percent of Capital: Current value = 50%.

Line 85: Long Term Debt as a Percent of Capital: Current value = 50%.

Line 86: Weighted Cost of Long Term Debt @ 8%: Current value = 4.00%.

Line 87: Cash Carrying Charge (Property Tax - Income Tax - (Depreciation x Income Tax) = 0.133%.

Line 89: Accumulated Number of Residential Customers: Brought forward from Input Page, Line 8, and accumulated at year-end for each year of the first ten years of the project.

Line 90: Accumulated Residential Usage Volumes: The average use per residential customer is brought forward from Input Page, Line 10, multiplied by the Accumulated Number of Residential Customers per Line 89 to calculate the accumulated usage for each year of the first ten years of the project.

Line 92: Accumulated Number of Commercial/Industrial Customers: Brought forward from Input Page Line 16, and accumulated at year-end of each year of the first ten years of the project.

Line 93: Accumulated Commercial/Industrial Usage Volumes: The average use per customer is brought forward from Input Page, Line 18, multiplied by the Accumulated Number of Commercial Customers per Line 92 to calculate the accumulated usage for each year of the first ten years of the project.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 96: "Cash Flow" is a description line (No input).

Line 97: Contribution to System Customers: A rate of 33% per Line 73 x Projected Margins per Line 47.

Line 98: Income Tax on Net Margins: Effective income tax rate per Line 80 x (projected margins per Line 47 less the contribution to system per Line 97).

Line 99: Cash Incoming: Projected margins per Line 47 less the calculated contributions to system per Line 97 less the calculated income tax on net margins per Line 98.

Line 100: Income tax on customer acquisition costs: Effective income tax rate per Line 80 x total other costs incurred per Line 54.

Line 101: Net Cash Carrying Charges: Cash carrying charge per Line 87 x Projected running gross plant in service per Line 107.

Line 102: Cash Outgoing: Total cash investment by year per Line 51 + total other costs incurred per Line 54 less tax on customer acquisition costs per Line 100 + net cash carrying charges per Line 101.

Line 103: Cash Net of Project (with residual value in yr 10): Cash coming in per Line 99 less cash going out per Line 102. The residual value is assumed to be equal to the gross plant invested for the project less the accumulated depreciation reserve at the end of year 10.

Line 104: Cash Net of Project (without residual value): Cash net of project per Line 103 less the calculated residual value (Gross Plant in Service less Accumulated Depreciation Reserve at year 10).

Line 107: Projected Running Gross Plant in Service: Total investment by year brought forward from Input Page, Line 51.

Line 108: Projected Running Net Plant in Service: Projected running gross plant in service per Line 51 less (projected running gross plant in service per Line 51 x depreciation rate per Line 82). The ending year calculation becomes the beginning year amount for the following year.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date: ~~September 21, 2009~~ November 30, 2010

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

*Effective with bills issued on and after this date.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 109: Projected Average Common Equity Balance: ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2) x equity as a % of capital, per Line 84.

Line 110: Projected Average Common Equity Balance First 5 Years: Sum of first 5 years of Line 109.

Line 111: Operating Book Income: Total margins from project per Line 47 less contribution to system per Line 97 less total other costs incurred per Line 54.

Line 112: Depreciation Expense: Depreciation rate per Line 82 x projected running gross plant in service per Line 107.

Line 113: Carrying Costs (Interest & Property Tax): (Property tax & insurance rate per Line 83 + weighted cost of long term debt per Line 86) x ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2).

Line 114: Statutory Income Tax: Statutory income tax rate per Line 81 x (operating book income per Line 111 less depreciation expense per Line 112 less carry costs per Line 113).

Line 115: Net Income Available for Shareholders: Operating book income per Line 111 less depreciation expense per Line 112 less carrying costs per Line 113 less statutory income tax per Line 114.

Line 116: Net Income Available for Shareholders First 5 Years: Sum of first 5 years of Line 115.

Line 117: Return on Equity: Net income available for shareholders per Line 116 / projected average common equity balance per Line 109.

Approval: Enter CIAC amount, name of person authorizing CIAC, and date authorized.

Comments: Describe all special or unusual situations connected to the project, the calculation of the feasibility, or the collection of the required CIAC. Also include any information used to determine the customer connection projection if different than the developer provided.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER

Availability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

1. The actual capital costs and projected remaining capital costs for the project,
2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date: ~~February 9, 2012~~ ~~September 21, 2009~~

*Effective with bills issued on and after this date.

*Effective Date: ~~January 1, 2010~~ December 1, 2012
Proposed Effective Date: ~~January 1, 2010~~ December 1, 2012

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed fifteen (15) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of fifteen (15) years, whichever occurs first.

Revenue Requirements Model

Definitions:

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

Column/Description

- 1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) Year.
- 3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.
- 5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) Average Net Plant: Average of Column 5.
- 7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

- 8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).
- 9) Allowed Return: Derived from the Company's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
						Allowed Rate of Return

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

- 10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.
- 11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.
- 12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-of-construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.
- 13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).
- 14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the overall rate of return established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is “self supporting”. That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date: ~~February 9, 2012~~

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012



Copies of the official tariff sheets are available at offices providing service under the tariffs, and at the governing state or national commission offices. The information available here attempts to be materially the same, but should there be any discrepancies, in all cases the official tariffs on file with the governing commission will hold over these documents.

DOCUMENTS INCLUDED IN THIS FILE:

MERC – NMU	Page
Joint Affidavit for Firm Transportation Customers	2
Small Volume Interruptible Natural Gas Sales Agreement	4
Small Volume Transportation Service Agreement	7
Small Volume Balancing Service Addendum to Gas Transportation Agreement	12
Small Volume Balancing Services Agreement	13
Small Joint Firm/Interruptible Natural Gas Sales Agreement	15
Large Volume Transportation Service Agreement	18
Firm Backup Sales Service Agreement	23
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Joint Affidavit for Firm Transportation Customers	<u>228</u>
Small Volume Interruptible Natural Gas Sales Agreement	<u>430</u>
Small Volume Transportation Service Agreement	<u>733</u>
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Small Joint Firm/Interruptible Natural Gas Sales Agreement	<u>1540</u>
Large Volume Transportation Service Agreement	<u>1843</u>
Large Joint Firm/Interruptible Gas Sales Agreement	<u>2348</u>
Super Large Volume Transportation Service Agreement	<u>2752</u>
Firm Backup Sales Service Agreement	<u>3257</u>
Firm Transportation Addendum to Gas Transportation Agreement	<u>60</u>
Large Volume Balancing Service Addendum to Large Volume Transportation Service Agreement	<u>3561</u>



**Minnesota Energy Resources Corporation—NMU
JOINT AFFIDAVIT FOR FIRM TRANSPORTATION CUSTOMERS**

STATE OF _____)
) ss.
COUNTY OF _____)

[Name of individual signing for Customer], [position], of [Customer name] (“Customer”) and [name of individual signing for Marketer], [position], of [Marketer name] (“Marketer”), being duly sworn according to law depose and state:

- 1. Customer and Marketer represent to Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC—NMU (“Company”) that one or both of them have and will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company’s natural gas distribution system in _____ (Minnesota) to deliver on a firm basis all volumes of gas to Company for Customer’s accounts identified on Exhibit “A” attached hereto.
- 2. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and Marketer are unable to deliver gas to Company’s natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company in writing sent by facsimile to the following number: _____.
- 3. Customer and Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney’s fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.
- 4. This Affidavit shall be governed and construed in accordance with the laws of the State of Minnesota.

Marketer Name _____ Customer Name _____
By: _____ By: _____
Title: _____ Title: _____

Subscribed and sworn to before me this _____ day of _____, 20____ by
_____ on behalf of _____ (Customer) and
_____ on behalf of _____ (Marketer).

Notary Public

My Commission Expires: _____



Exhibit "A"
Customer Firm Accounts



~~SMALL VOLUME INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)~~

~~This Agreement is between Minnesota Energy Resources Corporation (“MERC”), d/b/a MERC NMU (“Company”) and _____ (“Customer”).~~

~~It is hereby agreed as follows:~~

~~1. **Gas to be Sold.** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas on an interruptible basis at the location and for the specific uses designated as follows: _____~~

~~2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company’s rate schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon demand directed to Company’s State office.~~

~~It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.~~

~~3. **Interruptible Nature of Sale.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and its need to either shut down its gas utilization equipments or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.~~

~~Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out of control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.~~

~~The payment for unauthorized volumes shall not give Customer the right to take~~



~~unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.~~

~~4. — **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.~~

~~5. — **Term.** This Agreement shall become effective on _____, 20____, and shall continue in effect until _____, 20____, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.~~

~~6. — **Request to Transfer to Non-Interruptible Service.** Company may be able to serve Customer's future requirements on a non-interruptible (firm) basis. In the event such non-interruptible service is desired, Customer should notify Company in writing in prior to May 1 of any year stating a desire to purchase gas for all or part of Customer's requirements on a firm basis for the heating season beginning on or about sixteen months subsequent thereto. Company shall no later than the month of September following such May 1 advise Customer of the amount of firm gas Company estimates can reasonably be provided from its supplier to meet Customer's request. Customer and Company shall at that time execute the appropriate agreement for providing firm service as a replacement for interruptible service.~~

~~7. — **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at PO Box 455, 2665 145th Street West, Rosemount, MN 55068-0455, and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:~~

~~Title of person to be notified: _____~~

~~_____ Telephone Number: _____~~

~~_____ Address: _____~~

~~Either party may change its address or person to receive notice under this section at any time upon written notice.~~

~~8. — **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.~~

~~9. — **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.~~

~~_____ The parties have executed this Agreement as evidenced by their signatures below.~~



“Company” _____ “Customer” _____

Minnesota Energy Resources Corporation (“MERC”)

d/b/a MERC – NMU _____

(print name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____



**SMALL VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), d/b/a MERC—NMU (“Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. ~~**Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.~~

2. ~~**Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company’s Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.~~

3. ~~**Charges:** Customer shall be responsible for and shall pay to Company the following~~



charges for the periods indicated or as otherwise applicable:

~~Customer Charge: \$170.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.~~

~~Daily Firm~~

~~Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.~~

~~Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.~~

~~Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take or pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.~~

~~Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:~~

- ~~Firm Backup Sales Service~~
- ~~Small Volume Balancing Service~~
- ~~Aggregation Service~~

~~Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.~~

4. ~~Term: This Agreement shall remain in effect for a primary term of _____ () years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.~~

5. ~~**Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.~~

6. ~~**Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.~~

7. ~~**Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.~~

~~For intra-month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra-day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.~~

8. ~~**Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (See Sheet 6.09 of Company's Tariff).~~

9. ~~**Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.~~

~~The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.~~



~~Late payment penalties are assessed on the past due amount and shall not exceed one and one half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.~~

~~10. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:~~

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC—NMU	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

~~11. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.~~

~~12. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:~~

- ~~(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;~~
- ~~(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and~~
- ~~(c) that Customer must stop using gas when notified by Company or by Customer's~~



~~_____ gas supplier of any interruption affecting Customer's gas supply or transportation
_____ service.~~

~~13. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.~~

~~_____ The parties have executed this Agreement as evidenced by their signatures below.~~

~~**Minnesota Energy Resources Corporation** _____ **"Customer"**
("MERC") d/b/a MERC - NMU~~

~~_____
_____ (print name)~~

~~By: _____ By: _____~~

~~Name: _____ Name: _____~~

~~Title: _____ Title: _____~~



**ELECTION OF SMALL VOLUME BALANCING SERVICE
ADDENDUM TO
GAS TRANSPORTATION AGREEMENT
(MINNESOTA)**

This Addendum is made and entered into as of the _____ day of _____, _____, by and between Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC NMU (“Company”), and _____ (“Customer”), and provides for an election of a Small Volume Balancing Service.

WHEREAS, Company and Customer have entered into a Gas Transportation Agreement dated _____, _____ (the “Agreement”) and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. Election of Company’s Small Volume Balancing Service

_____ Customer may elect and agree to the Small Volume Balancing Service as set forth in Company’s Gas Tariff, Sheet No. 6.08, on file with the Minnesota Public Service Commission, as indicated below:

- _____ Customer elects to participate in Company’s Small Volume Customer Balancing Service
- _____ Customer declines participation in Company’s Small Volume Customer Balancing Service

_____ If Customer declines participation in Company’s Small Volume Customer Balancing Service, Customer understands and agrees that it shall be subject to and responsible for all balancing and scheduling charges and penalties contained in Company’s tariff, as the same may be amended from time to time. In addition, Customer shall reimburse and indemnify Company for all costs incurred by Company from the interstate pipeline transporter on Customer’s behalf.

2. _____ This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer’s Gas Transportation Agreement referenced above.

3. _____ As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

4. _____ All charges, including, but not limited to, the Fixed Rate, Demand Charge, Commodity Charge, and all terms and conditions applicable to this Small Volume Balancing Service set forth in Company’s Gas Tariff, remain in full force and effect.

5. _____ In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company’s Tariff, the terms and provisions of Company’s Tariff shall control.

_____ The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation (“MERC”) _____ *<Customer Name Here>*
d/b/a MERC NMU _____ Account #: _____

By: _____ By: _____
Title: _____ Title: _____



**SMALL VOLUME BALANCING
SERVICES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), d/b/a MERC NMU (“Company”) and _____ (“Customer”).

WHEREAS, Customer and Company have entered into a Small Volume Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company’s Small Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement.

2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company’s tariff.

3. **MDQ Requirements; Penalties.** Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a “Critical Day” or “Operational Flow Order,” Customer must, without notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline



~~in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in Sheet 6.09 of Company's Tariff for each dekatherm that Customer failed to deliver.~~

~~4. **Definitions.** Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company's Tariff. A "Critical Day", when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An "Operational Flow Order," when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.~~

~~5. **Fee.** Customer shall pay Company 7.0¢ per dekatherm transported by Customer on Company's system for this balancing service.~~

~~6. **Term.** The term of this Agreement shall commence _____, 20____, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.~~

~~The parties have executed this Agreement as evidenced by their signatures below.~~

~~"Company" _____ "Customer"~~

~~**Minnesota Energy Resources Corporation**
(**"MERC"**) d/b/a **MERC - NMU**~~

~~By: _____ By: _____~~

~~Title: _____ Title: _____~~



**SMALL JOINT FIRM/INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC NMU (“Company”) and _____ (“Customer”).

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and Customer hereby agrees to purchase and receive natural gas on a joint service firm interruptible basis at the location and for the specific uses designated as follows: _____.

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Rate Schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, rules, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Nature of Sales Joint Firm/Interruptible Service.**

(a) **Firm Gas ("Contract Demand Volumes").** The daily contract demand volume of firm gas to be delivered hereunder shall be _____ dekatherms and shall be the maximum volume of gas Company is obligated to deliver to the customer on any billing day.

(b) **Interruptible Gas.** On any given day customer may purchase volumes of gas in excess of the Firm gas volume in (a) above, when such additional volumes are available.

(c) **Curtailement.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of Interruptible Gas (b) above and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition



~~to the normal rate for volumes consumed unless such volumes were taken because of a force majeure operating situation. A force majeure operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out of control object, explosion, riot, vandalism, war or insurrection. In the event of a force majeure operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the force majeure operating situation. The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of Service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.~~

~~4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.~~

~~5. **Term.** This Agreement shall become effective _____ and shall continue in effect until _____ and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.~~

~~6. **Request to Transfer to Non-Interruptible Service.** Company may be able to serve Customer's future requirements on a non-interruptible (firm) basis. In the event such non-interruptible service is desired, Customer should notify Company in writing prior to **May 1** of any year stating a desire to purchase gas for all or part of Customer's requirements on a firm basis for the heating season beginning on or about sixteen months subsequent thereto. Company shall no later than the month of September following such May 1 advise Customer of the amount of firm gas Company estimates can reasonably be provided from its supplier to meet Customer's request. Customer and Company shall at that time execute the appropriate agreement for providing firm service as a replacement for interruptible service.~~

~~7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at 2665 145th Street West, P.O. Box 455, Rosemount, MN 55068 and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:~~

~~Name of Person to be Notified: _____
Title of Person to be Notified: _____
Telephone Number: _____
Address: _____~~

~~Either party may change its address or person to receive notice under this section at any time upon written notice.~~

~~8. **Succession and Assignment.** This Agreement and each of its terms shall bind~~



and inure to the benefit of the parties hereto, their respective successors and assigns.

~~9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.~~

~~The parties have executed this Agreement as evidenced by their signatures below.~~

Customer
Minnesota Energy Resources Corporation
(“MERC”) d/b/a MERC – NMU

(print name)

By: _____ By: _____

Title: _____ Title: _____



**LARGE VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), d/b/a MERC—NMU (“Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service hereunder shall be offered on an interruptible or joint firm/interruptible basis. Service will be provided on a firm basis contingent upon adequate system capacity and only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

~~Customer Charge: \$170.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.~~

~~Daily Firm~~

~~Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.~~

~~Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.~~

~~Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take or pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.~~

~~Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:~~

- ~~_____ Firm Backup Sales Service~~
- ~~_____ Small Volume Balancing Service~~

~~Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.~~

~~4. Term: This Agreement shall remain in effect for a primary term of _____ () years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.~~

~~5. Balancing: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery~~

~~points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.~~

~~6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.~~

~~7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.~~

~~For intra-month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra-day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.~~

~~8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).~~

~~9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.~~

~~The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.~~

~~Late payment penalties are assessed on the past due amount and shall not exceed one and one half percent (1½%) per month of the past due amount. The penalty date shall be not less~~

~~than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.~~

~~10. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:~~

Company:	Customer:
Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC—NMU Attention: Address: Telephone: Fax:	Company: Attention: Address: Telephone: Fax:

~~11. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.~~

~~12. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:~~

- ~~(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;~~
- ~~(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company’s Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company’s Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and~~
- ~~(c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.~~



~~13. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.~~

~~The parties have executed this Agreement as evidenced by their signatures below.~~

Customer

Minnesota Energy Resources Corporation

("MERC") d/b/a MERC - NMU

(print name)

By: _____

By: _____

Title: _____

Title: _____



**FIRM BACKUP SALES
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), d/b/a MERC NMU (“Company”) and _____ (“Customer”).

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company’s Transportation Rate Schedule Sheet No. 6.00 through 6.09 (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”).

2. **Service Considerations.** This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Rate.** Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer’s MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company’s Tariff, as the same may be amended, modified or superseded from time to time.

Customer’s minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company’s Purchased Gas Adjustment Uniform Clause contained in the Tariff.

4. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, 20____, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the



~~transporting pipeline or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.~~

~~6. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.~~

~~The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.~~

~~Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.~~

~~7. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:~~

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC—NMU	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

~~8. **Commission Authority.** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees~~



~~that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.~~

~~9. **Entire Agreement.** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.~~

~~The parties have executed this Agreement as evidenced by their signatures below.~~

_____ Customer
Minnesota Energy Resources Corporation
("MERC") d/b/a MERC - NMU _____

(print name)

By: _____ By: _____

Title: _____ Title: _____



**ELECTION OF FIRM TRANSPORTATION
ADDENDUM TO
GAS TRANSPORTATION AGREEMENT
(MINNESOTA)**

~~This Addendum is made and entered into as of the _____ day of _____, _____, by and between Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC NMU (“Company”), and _____ (“Customer”).~~

~~Company and Customer have entered into a Gas Transportation Agreement dated _____, _____ (the “Agreement”) and now desire to amend certain provisions of the Agreement.~~

~~NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.~~

~~1. _____ Customer agrees to suspend its current Interruptible Gas Transportation service and to convert to transportation service under the “Firm” Transportation Rate Schedule specified below for the Winter Period (November-March) or Winter Periods identified below. During each Winter Period, Company will transport Customer’s natural gas supplies on a “Firm” basis on Company’s distribution system in accordance with the tariff rules and regulations applicable to Company’s Firm Transportation customers in the State of Minnesota. Customers shall pay all applicable Firm Transportation rates, fees, and other charges associated with the Firm Transportation service provided to Customer. At the end of the term of this Addendum as specified below, Customer will revert to its original Interruptible Transportation Service and associated rates, terms, and conditions as set forth in the Agreement.~~

~~_____ Customer’s Interruptible Transportation Rate Schedule: _____~~

~~_____ Customer’s Applicable Firm Transportation Rate Schedule during the term of this Addendum: _____~~

~~_____ Units of Firm: _____~~

~~_____ Term of Addendum: _____ Mo/Day/Yr through _____ Mo/Day/Yr _____.~~

~~2. _____ As amended by this Addendum, the Agreement is ratified and remains in full force and effect.~~

~~3. _____ In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company’s Tariff on file with the Minnesota Public Service Commission, the terms and provisions of Company’s Tariff shall control.~~

~~The parties have executed this Agreement as evidenced by their signatures below.~~

~~_____ Customer~~

~~**Minnesota Energy Resources Corporation**
(“MERC”) d/b/a MERC NMU~~

~~_____ (print name)~~

~~By: _____ By: _____~~

~~Title: _____ Title: _____~~



**ELECTION OF LARGE VOLUME BALANCING SERVICE
ADDENDUM TO
LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT**

This Addendum is made and entered into as of the _____ day of _____, _____, by and between Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC NMU (“Company”), and _____ (“Customer”):

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated _____, _____ (the “LVTS Agreement”);

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service (“LVBS”) Program as set forth in Company’s Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission (“MPUC”), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer’s daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: _____ Customer’s/Representative’s Initials: _____

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer’s LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company’s Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company’s Tariff, the terms and provisions of Company’s Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company’s Tariff.

The parties have executed this Addendum as evidenced by their signature below.

Minnesota Energy Resources Corporation _____ Name: _____
 (“MERC”) d/b/a MERC NMU _____ Account #: _____

By: _____ By: _____
Title: _____ Title: _____



Minnesota Energy Resources Corporation ~~-PNG~~
JOINT AFFIDAVIT FOR FIRM TRANSPORTATION CUSTOMERS

STATE OF)
) ss.
COUNTY OF)

[Name of individual signing for Customer], [position], of [Customer name] ("Customer") and [name of individual signing for Marketer], [position], of [Marketer name] ("Marketer"), being duly sworn according to law depose and state:

- 1. Customer and Marketer represent to Minnesota Energy Resources Corporation ("MERC") ~~-d/b/a MERC-PNG~~ (or "Company") that one or both of them have and will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company's natural gas distribution system in _____ (Minnesota) to deliver on a firm basis all volumes of gas to Company for Customer's accounts identified on Exhibit "A" attached hereto.
2. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and Marketer are unable to deliver gas to Company's natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company in writing sent by facsimile to the following number: _____.
3. Customer and Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney's fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.
4. This Affidavit shall be governed and construed in accordance with the laws of the State of Minnesota.

Marketer Name Customer Name
By: _____ By: _____
Title: _____ Title: _____

Subscribed and sworn to before me this _____ day of _____, 20__ by
_____ on behalf of _____ (Customer) and
_____ on behalf of _____ (Marketer).

Notary Public

My Commission Expires: _____



Exhibit "A"
Customer Firm Accounts



**SMALL VOLUME INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____ (“Customer”).

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas on an interruptible basis at the location and for the specific uses designated as follows: _____

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company’s rate schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon demand directed to Company’s State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Interruptible Nature of Sale.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and its need to either shut down its gas utilization equipments or switch to an alternate energy supply by means off alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.

The payment for unauthorized volumes shall not give Customer the right to take



unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective on _____, 20____, and shall continue in effect until _____, 20____, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Interruptible Service.** ~~Customer agrees to take interruptible service for the period November 1 through October 31. Customer may not transfer to non-interruptible service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Company may be able to serve Customer's future requirements on a non-interruptible (firm) basis. In the event such non-interruptible service is desired, Customer should notify Company in writing in prior to May 1 of any year stating a desire to purchase gas for all or part of Customer's requirements on a firm basis for the heating season beginning on or about sixteen months subsequent thereto. Company shall no later than the month of September following such May 1 advise Customer of the amount of firm gas Company estimates can reasonably be provided from its supplier to meet Customer's request. Customer and Company shall at that time execute the appropriate agreement for providing firm service as a replacement for interruptible service.~~

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at PO Box 455, 2665 145th Street West, Rosemount, MN 55068-0455, and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Title of person to be notified: _____

Telephone Number: _____

Address: _____

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.



9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation (“MERC”)

~~d/b/a MERC—PNG~~

(print name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____



**SMALL VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____
 (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company’s Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.



3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$170.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:

Firm Backup Sales Service
Small Volume Balancing Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ () years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (See Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing



as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. Request to Transfer to Sales Service: Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. Notices: Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC—PNG	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

121. Regulatory Commission Authority: The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

132. Acknowledgement of Transportation Risks: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:



(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

~~(e)(b)~~ the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company’s Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company’s Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

143. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
 (“MERC”) ~~d/b/a MERC PNG~~

“Customer”

(print name)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**SMALL VOLUME BALANCING
SERVICES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____
 (“Customer”).

WHEREAS, Customer and Company have entered into a Small Volume Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company’s Small Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement.
2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company’s tariff.
3. **MDQ Requirements; Penalties.** Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a “Critical Day” or “Operational Flow Order,” Customer must, without notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate



pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in Sheet 6.09 of Company’s Tariff for each dekatherm that Customer failed to deliver.

4. **Definitions.** Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company’s Tariff. A “Critical Day”, when called by the interstate pipeline, has the meaning set forth in the interstate pipeline’s Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An “Operational Flow Order,” when called by the interstate pipeline, has the meaning set forth in the interstate pipeline’s tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.

5. **Fee.** Customer shall pay Company 7.0¢ per dekatherm transported by Customer on Company’s system for this balancing service.

6. **Term.** The term of this Agreement shall commence _____, 20____, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation

(“MERC”) ~~d/b/a MERC—PNG~~

By: _____

By: _____

Title: _____

Title: _____



ELECTION OF SMALL VOLUME BALANCING SERVICE
ADDENDUM TO
GAS TRANSPORTATION AGREEMENT
(MINNESOTA)

This Addendum is made and entered into as of the _____ day of _____, _____, by and between Minnesota Energy Resources Corporation (“MERC” or “Company”), and _____ (“Customer”), and provides for an election of a Small Volume Balancing Service.

WHEREAS, Company and Customer have entered into a Gas Transportation Agreement dated _____, _____ (the “Agreement”) and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. _____ Election of Company’s Small Volume Balancing Service

Customer may elect and agree to the Small Volume Balancing Service as set forth in Company’s Gas Tariff, Sheet No. 6.08, on file with the Minnesota Public Service Commission, as indicated below:

- _____ Customer elects to participate in Company’s Small Volume Customer Balancing Service
- _____ Customer declines participation in Company’s Small Volume Customer Balancing Service

If Customer declines participation in Company’s Small Volume Customer Balancing Service, Customer understands and agrees that it shall be subject to and responsible for all balancing and scheduling charges and penalties contained in Company’s tariff, as the same may be amended from time to time. In addition, Customer shall reimburse and indemnify Company for all costs incurred by Company from the interstate pipeline transporter on Customer’s behalf.

2. _____ This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer’s Gas Transportation Agreement referenced above.

3. _____ As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

4. _____ All charges, including, but not limited to, the Fixed Rate, Demand Charge, Commodity Charge, and all terms and conditions applicable to this Small Volume Balancing Service set forth in Company’s Gas Tariff, remain in full force and effect.

5. _____ In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company’s Tariff, the terms and provisions of Company’s Tariff shall control.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation (“MERC”) _____ <Customer Name Here>
Account #: _____

By: _____ By: _____
Title: _____ Title: _____



**SMALL JOINT FIRM/INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”) ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____ (“Customer”).

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and Customer hereby agrees to purchase and receive natural gas on a joint service firm-interruptible basis at the location and for the specific uses designated as follows: _____.

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Rate Schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, rules, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Nature of Sales Joint Firm/Interruptible Service.**

~~(d)~~(a) **Firm Gas ("Contract Demand Volumes").** The daily contract demand volume of firm gas to be delivered hereunder shall be _____ **dekatherms** and shall be the maximum volume of gas Company is obligated to deliver to the customer on any billing day.

~~(e)~~(b) **Interruptible Gas.** On any given day customer may purchase volumes of gas in excess of the Firm gas volume in (a) above, when such additional volumes are available.

~~(f)~~(c) **Curtailement.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of Interruptible Gas (b) above and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition



to the normal rate for volumes consumed unless such volumes were taken because of a force majeure operating situation. A force majeure operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a force majeure operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the force majeure operating situation. The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of Service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective _____ and shall continue in effect until _____ and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Joint Interruptible Service.** ~~Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Company may be able to serve Customer's future requirements on a non-interruptible (firm) basis. In the event such non-interruptible service is desired, Customer should notify Company in writing prior to May 1 of any year stating a desire to purchase gas for all or part of Customer's requirements on a firm basis for the heating season beginning on or about sixteen months subsequent thereto. Company shall no later than the month of September following such May 1 advise Customer of the amount of firm gas Company estimates can reasonably be provided from its supplier to meet Customer's request. Customer and Company shall at that time execute the appropriate agreement for providing firm service as a replacement for interruptible service.~~

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at 2665 – 145th Street West, P.O. Box 455, Rosemount, MN 55068 and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Name of Person to be Notified: _____

Title of Person to be Notified: _____

Telephone Number: _____



Address: _____

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
~~(“MERC”) d/b/a MERC - PNG~~

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____



LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT (Minnesota)

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____
 (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service hereunder shall be offered on an interruptible or joint firm/interruptible basis. Service will be provided on a firm basis contingent upon adequate system capacity and only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.



3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$170.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:

Firm Backup Sales Service
Small Volume Balancing Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (___) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and

delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.



Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC - PNG	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

121. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

132. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:



~~(d)~~(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

~~(e)~~(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company’s Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company’s Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

~~(f)~~(c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

143. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
~~(“MERC”) d/b/a MERC PNG~~

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____



LARGE JOINT FIRM/INTERRUPTIBLE
GAS SALES AGREEMENT
(Minnesota)

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ or (“Company”) and _____
 (“Customer”).

WHEREAS, Customer desires to obtain natural gas service from Company and Company is willing to provide such service on the terms and conditions set forth herein. NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who qualify for service under Company’s Rate Schedule ____ (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer represents that it meets the service availability requirements for service under this Agreement.

2. **Service Considerations.** During the term of this Agreement, Company shall be Customer’s exclusive natural gas distributor. Service hereunder will be for a base of firm gas volume, supplemented by interruptible volumes.

This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Gas To Be Sold.** Company agrees to sell firm and/or interruptible gas and deliver gas to Customer, and Customer agrees to purchase and receive such gas for its own use for the following purpose, namely: _____.

a. **Firm Gas Sales:** The daily Contract Demand volume of firm gas to be delivered hereunder shall be _____ MMBtu and shall be the maximum volume of gas Company is obligated to deliver to Customer on any billing day.

b. **Interruptible Sales:** On any given day Customer may purchase volumes of gas in excess of the firm gas entitlement when such additional volumes are available.

Delivery of gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas

carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and acknowledges its responsibility either to shut down its plant operations or to maintain complete standby facilities and alternate fuel supply to maintain plant operations during full or partial curtailment or interruption of service hereunder. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so.

4. **Charges.** Customer shall be responsible for and shall pay to Company the charges applicable to the service provided hereunder as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Contract Demand Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

5. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, _____ and thereafter until terminated by either party upon six (6) months written notice.

6. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 4 above, plus either the applicable charge from the transporting pipeline (see Sheet No. 6.50 of the Tariff) or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 4 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

7. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty



date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

8. **Request to Transfer to Non-Joint Service.** Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

9. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses specifically provided in this Agreement or, if not so provided, to the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC - PNG	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

109. **Commission Authority.** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

110. **Entire Agreement.** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.



Minnesota Energy Resources Corporation

"MERC" ~~d/b/a MERC~~ ~~PNG~~

By: _____

Name: _____

Title: _____

"Customer"

(print name)

By: _____

Name: _____

Title: _____



**SUPER LARGE VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ or (“Company”) and _____
 (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible basis by Company. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$170.00 per month per metered account for administrative costs



related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm

Capacity Charge:

If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge:

All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services:

The following services, described in Company's Tariff sheet 6.07, are available at Customer's option:

Firm Backup Sales Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's



Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are



considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") d/b/a MERC - PNG	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

121. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

132. **Acknowledging of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

- (a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;
- (b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges



Company incurs from the pipeline on behalf of Customer; and

- (c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

143. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation

“MERC” ~~d/b/a MERC – PNG~~

“Customer”

(print name)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**FIRM BACKUP SALES
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC”), ~~d/b/a~~
~~MERC-PNG~~ (or “Company”) and _____ (“Customer”).

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company’s Transportation Rate Schedule Sheet No. 6.00 through 6.09 (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”).
2. **Service Considerations.** This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.
3. **Rate.** Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer’s MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company’s Tariff, as the same may be amended, modified or superseded from time to time.

Customer’s minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company’s Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

4. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, 20____, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the



transporting pipeline or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company’s pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge (“DDVC”) for each dekatherm so taken when service is interrupted.

6. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

7. **Daily Firm Capacity Nomination:** Customer agrees to take firm backup sales for the period November 1 through October 31 and must nominate a DFC for the entire November through October period. Customer may not changes its daily firm capacity nomination until the next November 1st and must notify the Company in writing at least ninety days prior to the change.

8. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC—PNG	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:



10.

98. **Commission Authority.** The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

109. **Entire Agreement.** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
~~(“MERC”) d/b/a MERC PNG~~

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____



**ELECTION OF FIRM TRANSPORTATION
ADDENDUM TO
GAS TRANSPORTATION AGREEMENT
(MINNESOTA)**

This Addendum is made and entered into as of the _____ day of _____, _____, by and between Minnesota Energy Resources Corporation (“MERC”) d/b/a MERC PNG (“Company”), and _____ (“Customer”).

Company and Customer have entered into a Gas Transportation Agreement dated _____, _____ (the “Agreement”) and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. _____ Customer agrees to suspend its current Interruptible Gas Transportation service and to convert to transportation service under the “Firm” Transportation Rate Schedule specified below for the Winter Period (November-March) or Winter Periods identified below. During each Winter Period, Company will transport Customer’s natural gas supplies on a “Firm” basis on Company’s distribution system in accordance with the tariff rules and regulations applicable to Company’s Firm Transportation customers in the State of Minnesota. Customers shall pay all applicable Firm Transportation rates, fees, and other charges associated with the Firm Transportation service provided to Customer. At the end of the term of this Addendum as specified below, Customer will revert to its original Interruptible Transportation Service and associated rates, terms, and conditions as set forth in the Agreement.

_____ Customer’s Interruptible Transportation Rate Schedule: _____

_____ Customer’s Applicable Firm Transportation Rate Schedule
_____ during the term of this Addendum: _____

_____ Units of Firm: _____

_____ Term of Addendum: _____ Mo/Day/Yr through _____ Mo/Day/Yr _____.

2. _____ As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

3. _____ In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company’s Tariff on file with the Minnesota Public Service Commission, the terms and provisions of Company’s Tariff shall control.

_____ The parties have executed this Agreement as evidenced by their signatures below.

_____ Customer
Minnesota Energy Resources Corporation
(“MERC”) d/b/a MERC PNG _____

(print name)

By: _____ By: _____

Title: _____ Title: _____



ELECTION OF LARGE VOLUME BALANCING SERVICE
ADDENDUM TO
LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT

This Addendum is made and entered into as of the ___ day of ___, ___, by and between Minnesota Energy Resources Corporation ("MERC") ~~d/b/a MERC PNG~~ or "Company", and ___ ("Customer").

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated ___, ___ (the "LVTS Agreement");

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service ("LVBS") Program as set forth in Company's Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission ("MPUC"), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer's daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: _____ Customer's/Representative's Initials: _____

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company's Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company's Tariff.

The parties have executed this Addendum as evidenced by their signature below.

Minnesota Energy Resources Corporation
("MERC") ~~d/b/a MERC PNG~~

Name: _____
Account #: _____

By: _____
Title: _____

By: _____
Title: _____

Clean Tariff Sheets

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VP Regulatory Affairs

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*Effective Date: December 1, 2012
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Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

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MINNESOTA CITIES SERVED BY MERC		
Ada	Eagan	Lewiston
Aitkin	Elgin	Mabel
Alden	Elko	Madison
Altura	Ellendale	Mantorville
Appleton	Emmons	Marble
Audubon	Empire	Mayhew
Aurora	Eveleth	Menahga
Barnum	Eureka Township	Midway
Baudette	Eyota	Moose Lake
Bemidji	Fairmont	Moose Lake Township
Bertha	Farmington	Mora
Biwabik	Fayal Township	Motley
Blooming Prairie	Finlayson Floodwood	Mountain Iron
Bovey	Fountain	Mountain Lake
Brewster	Frazee	Nashwauk
Brownsdale	Freeborn	New Market
Buhl	Gilbert	New Market Township
Butterfield	Grand Lake Township	New Richland New Scandia
Byron	Grand Rapids	Township
Caledonia	Harmony	North Branch
Calumet	Harris	Northrop
Camp Ripley*	Hayfield	Oakland
Canby	Hayward	Oronoco
Cannon Falls	Hendricks	Ortonville
Canosia Township (Duluth)	Hermantown	Pengilly
Canton	Hewitt	Peterson
Carlton	Hinckley	Pine City
Castle Rock	Houston	Pine Island
Chatfield	Hoyt Lakes	Plainview
Chisholm	International Falls	Pokegama Township
Claremont	Ironton	Preston
Cloquet	Ivanhoe	Prior Lake
Cohasset	Jackson	Proctor
Coleraine	Kasson	Randolph Township
Cottage Grove	Keewatin	Ranier
Cottonwood	Kenyon	Revere
Credit River	Kettle River	Riverton
Crosby	LaCrescent	Rochester
Deer River	LaPrairie	Roseau
Deerwood	Lakefield	Rosemount
Detroit Lakes	Lakeville	Rush City
Dodge Center	Lamberton	Rushford
Dover	Lanesboro	Rushford Village
Duluth	Lansing Township	Sanborn
Dunnell	Leonadis	Sandstone

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MINNESOTA CITIES SERVED BY MERC (Continued)

Scanlon
Sebeka
Silver Bay
Silver Brook Township
Sherburn
Spring Grove
Spring Lake Township
Spring Valley
Staples
St. Charles
Stewartville
Sturgeon Lake
Tracy
Thief River Falls
Trimont
Truman
Twin Lakes
Twin Lake Township
Utica
Verndale
Viola
Wadena
Walnut Grove
Waltham
Wanamingo
Warroad
Webster Township
Welcome
Wells
West Concord
Willow River
Windemere Township
Windom
Worthington
Wrenshall
Zemple
Zumbrota

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MINNESOTA COUNTIES SERVED BY MERC

Aitkin	Roseau
Becker	Scott
Beltrami	Steele
Benton	St. Louis
Big Stone	Swift
Carlton	Todd
Cass	Wabasha
Chisago	Wadena
Cottonwood	Waseca
Crow Wing	Washington
Dakota	Watonwan
Dodge	Winona
Faribault	Yellow Medicine
Fillmore	
Freeborn	
Goodhue	
Houston	
Hubbard	
Itasca	
Jackson	
Kanabec	
Koochiching	
Lac qui Parle	
Lake	
Lake of the Woods	
Lincoln	
Lyon	
Martin	
Morrison	
Mower	
Murray	
Nobles	
Norman	
Olmsted	
Ottertail	
Pennington	
Pine	
Redwood	
Rice	

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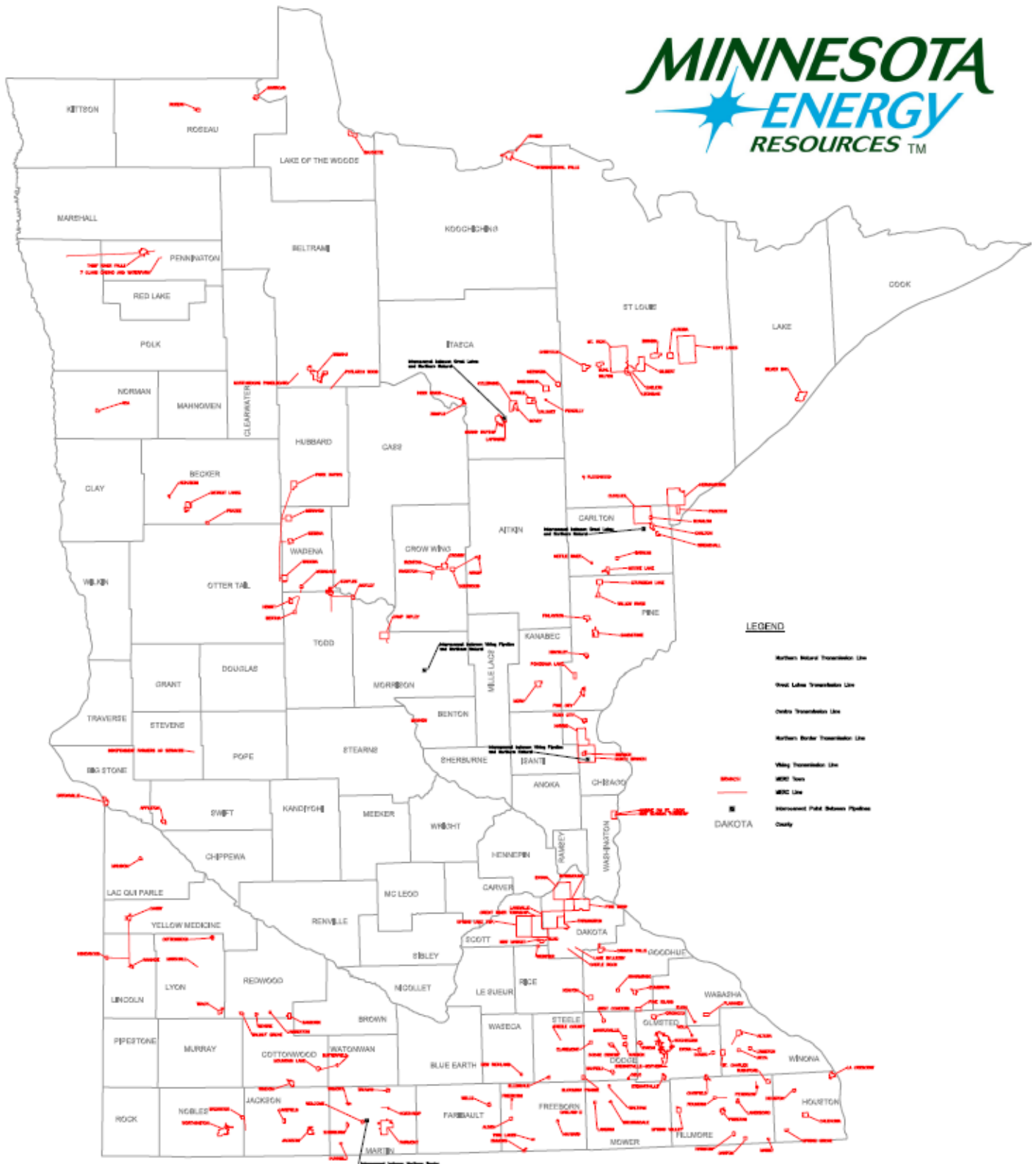
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Proposed Effective Date: December 1, 2012

CONTACT LIST

The following list sets out Company's management personnel who are authorized to receive, act upon and respond to communications from the Commission. In each instance, the individuals are listed in order of who should be first contacted under each category. The phone listing shows the business number first and residential number second.

A. General Management Duties:1. Tariff Rates, Financial Data and All Other Items Not Specifically Covered Below:

Jim Schott, Vice President, Regulatory Affairs
(920) 433-1350
(920) 680-6806

Greg Walters, Manager Regulatory Services
(507) 529-5100

2. Tariff Rules and Regulations; Pass along Increases and Related Refunds:

Jim Schott, Vice President, Regulatory Affairs
(920) 433-1350
(920) 680-6806

Greg Walters, Manager Regulatory Services
(507) 529-5100

B. Customer Relations:

Nancy Lilienthal – Senior Administrative Assistant
(651) 322-8902

David Perron – Business Services Manager(651) 322-8920

C. Emergencies - Non-Office Hours:

Emergency telephone numbers of the Company in each community served are listed in the telephone directory for that community. After hours, MERC can also be reached at 1-800-889-9508 for customer services and at 1-800-889-4970 for emergencies.

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TECHNICAL TERMS AND ABBREVIATIONS

Company does not employ any technical or special terms which are unique to the application of any of its rate schedules, rules or regulations. All terms used by the Company are common terms in the industry. For clarification purposes such terms are defined in Rules and Regulations.

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RATE SCHEDULE GS-NNG GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
3. Rates: Base rate of gas @ \$0.74377 per therm
 - A. Residential
Customer Charge per Month - \$8.50
Distribution Charge @ \$0.21748 per therm
 - B. Commercial and Industrial - 1,500 therms or less per Year
Customer Charge per Month - \$14.50
Distribution Charge @ \$0.20531 per therm
 - C. Commercial and Industrial - Over 1,500 therms per Year
Customer Charge per Month - \$35.00
Distribution Charge @ \$0.18862 per therm

Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012

Proposed Effective Date: December 1, 2012

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.
3. Rates: Base rate of gas @ \$0.65286 per therm
 - A. Residential
Customer Charge per Month - \$8.50
Distribution Charge @ \$0.21748 per therm
 - B. Commercial and Industrial - 1,500 therms or less per Year
Customer Charge per Month - \$14.50
Distribution Charge @ \$0.20531 per therm
 - C. Commercial and Industrial - Over 1,500 therms per Year
Customer Charge per Month - \$35.00
Distribution Charge @ \$0.18862 per therm

Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

Monthly Minimum Bill: The minimum bill is the customer charge.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge \$150.00 per meter
Base rate of gas @ \$0.57483 per therm
Distribution charge @ \$0.12086 per therm
 - B. The rate per therm of daily firm capacity, if any, shall be \$1.95620 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

C. **Late Payment Charge:** If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. **Monthly Minimum Bill:** The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. **Penalty For Unauthorized Takes When Service Is Interrupted:** Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. **Telemetry:** Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. **General Terms and Conditions:** The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge \$150.00 per meter
Base rate of gas @ \$0.54647 per therm
Distribution charge @ \$0.12086 per therm
 - B. The rate per therm of daily firm capacity, if any, shall be \$0.56880 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

- C. **Late Payment Charge:** If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
- D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge \$175.00 per meter
Base rate of gas @ \$0.57483 per therm
Distribution charge @ \$0.03568 per therm
 - B. The rate per therm of daily firm capacity, if any, shall be \$1.95620 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

C. **Late Payment Charge:** If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

RATE SCHEDULE LVI-CONSOLIDATED LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
4. Rates:
 - A. Per month: Customer Charge - \$175.00 per meter
Base rate of gas @ \$0.54647 per therm
Distribution charge @ \$0.03568 per therm
 - B. The rate per therm of daily firm capacity, if any, shall be \$0.56880 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

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*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE LVI-CONSOLIDATED- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

C. **Late Payment Charge:** If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.
6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or \$20.00 per dekatherm so taken, whichever is applicable.
7. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
8. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

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CANCELED

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VP Regulatory Affairs

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CANCELED

Issued By: J F Schott
VP Regulatory Affairs

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*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CANCELED

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.
2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms.
3. Rate:
 - A. The customer charge shall be \$250.00 per month per meter.
 - B. The rate per therm of daily firm capacity shall be \$1.95620 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.
 - C. The base rate of gas is \$0.57483 per therm, and the distribution charge is \$0.00420 per therm.
 - D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
 - E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE (CONTINUED)

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.
5. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.
8. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
9. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

TRANSPORTATION RATE SCHEDULE

1. Availability: Service under this rate schedule is available to any non-general service end-use customer who purchases gas supplies that can be transported on a firm or interruptible basis by MERC. Service hereunder shall be offered on a firm or interruptible basis contingent upon adequate interstate pipeline system capacity. Transportation service is not available to general service customers. Transportation is only allowed on open access pipelines (Centra is the only non-open access pipeline).

Service will be provided on a firm basis only if the customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and the customer has provided to Company a joint affidavit confirming this signed by the customer and, if applicable, the marketer. Interruptible transportation is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such customer is interrupted. At Company's request, the customer must demonstrate that it has such capability and fuel supplies.

Class of Service: Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes:

Small Volume Interruptible Service

Large Volume Interruptible Service

Small Volume Joint Firm/Interruptible Service

Large Volume Joint Firm/Interruptible Service

Super Large Volume Service

Super Large Volume Interruptible Transport (See Rate Schedule Sheet Nos. 6.20 and 6.25) only available for transportation not sales service.

2. Rate:
Fixed Rate

Customer Charge - \$70.00 per month per metered account for administrative costs related to transportation plus the monthly customer charge according to the applicable sales rate schedule for which the customer would otherwise qualify.

Daily Firm Capacity Charge

If applicable is at the rate set in the customer's regular sales tariff schedule as shown on Sheet 7.07, Column F.

Commodity Charge

All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for such customer as shown on Sheet 7.07, Column D. In addition, the customer must pay for all fixed gas costs assigned to the customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following:

Issued By: J F Schott
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Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

Daily Firm Capacity Charge
Annual Cost Adjustment Charges
Any other Fixed costs passed on by the pipeline, applicable for recovery

Additional costs will be assigned as they are authorized by the FERC or Minnesota Public Utilities Commission to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all firm volumes delivered from system gas supply shall be charged the rate set in the appropriate sales tariff schedule.

3. Special Conditions:

- A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.
- B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.
- C. All Large Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. All Small Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. Customers must reimburse Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.
- D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
- E. The order of gas delivery for purposes of billing will be as follows:
 - a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per Company's applicable sales tariffs.
- F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.
- G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to

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TRANSPORTATION RATE SCHEDULE (Continued)

firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

- H. Joint rate transportation service customers can select one of the following two options:
- 1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).
 - 2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a joint affidavit signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

Customers purchasing interstate pipeline capacity from third party non-regulated suppliers must be able to demonstrate they have been provided the necessary units of interstate pipeline capacity to meet their firm needs. Customers who have previously entered into contracts with Company for the purchase of interstate pipeline capacity are responsible for completing their contract obligations.

4. BTU Adjustment: Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.
5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

Issued By: J F Schott
VP Regulatory Affairs

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TRANSPORTATION RATE SCHEDULE (Continued)

6. Balancing: To assure Company's system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points.

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges as described below.

These charges are applicable only to Company's town plant customers whose supply requirements could impact other customers and do not apply to Company's mainline customers who are the only customer taking gas at those points or MERC's SLVI-NNG Transport or SLVI-Consolidated Transport customers. However, each mainline or SLVI-NNG Transport and SLVI-Consolidated Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur.

Daily Scheduling Charges

This section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport or SLVI-Consolidated Transport customers. Mainline or SLVI-NNG Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

Northern Natural Gas

- A. A tolerance of +/-5% of confirmed nomination will be applied
- B. For consumption within tolerance, no scheduling charges will be applied.
- C. For consumption outside tolerance, a scheduling charge shall be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area.

On days that Northern Natural Gas calls a **System Overrun Limitation** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
 - 1. For consumption up to 105% of confirmed nomination, \$1.00 per dekatherm in excess of confirmed nomination up to 105%.
 - 2. For consumption greater than 105% of confirmed nomination, \$10.66 per dekatherm in excess of 105% of confirmed nomination.
- B. For consumption less than the confirmed nomination, there is no charge.

On days that Northern Natural Gas calls a **System Underrun Limitation** the following charges will be in effect:

TRANSPORTATION RATE SCHEDULE (Continued)

- A. For consumption greater than the confirmed nomination, there is no charge.
- B. For consumption less than the confirmed nomination, \$1.00 per dekatherm.

On days that Northern Natural Gas calls a **Critical Day** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
 - a. For consumption up to 102% of confirmed nomination, \$15.00 per dekatherm in excess of confirmed nomination up to 102%.
 - b. For consumption greater than 102% up to 105% of confirmed nomination, \$22.00 per dekatherm in excess of 102% up to 105% of confirmed nomination.
 - c. For consumption greater than 105% up to 110% of confirmed nomination, \$56.50 per dekatherm in excess of 105% up to 110% of confirmed nomination.
 - d. For consumption greater than 110% of confirmed nomination, \$113.00 per dekatherm in excess of 110% of confirmed nomination.

- B. For consumption less than the confirmed nomination, there is no charge.

These charges are in addition to any Company charges, as provided for in Company tariff, for unauthorized takes of gas when service is interrupted.

Great Lakes and Viking

Any penalties incurred as a result of the customer will be passed along to the customer.

Any upstream costs that can be specifically identified as being caused by a specific end use customer will be assigned to that customer.

These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

Monthly Imbalances: This Section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport and SLVI-Consolidated customers. Mainline or SLVI-NNG and SLVI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure:

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

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Proposed Effective Date: December 1, 2012

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas

The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period.

The MIPs shall be determined as follows:

High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be \$0.07/dekatherm.

Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

<u>Imbalance Level</u>	<u>Due Company</u>	<u>Due Customer</u>
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:

If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of \$2.23: (*)

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
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TRANSPORTATION RATE SCHEDULE (Continued)

3 dekatherm at MIP * 100%	\$ 6.69
2 dekatherm at MIP * 102%	\$ 4.55
5 dekatherm at MIP * 110%	\$12.26
5 dekatherm at MIP * 120%	\$13.38
5 dekatherm at MIP * 130%	\$14.49
10 dekatherm at MIP * 140%	<u>\$31.22</u>
	\$82.59

(*) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company’s storage account to breach any contractual limitations, or would otherwise cause undue harm to Company’s management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the “Transportation Component” if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the “Transportation Component” if deliveries are less than scheduled nominations. For Viking, the “Transportation Component” shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking’s tariff. For Great Lakes, the “Transportation component” shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC’s Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

% Monthly Imbalance	Company Pays Customer Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
>20%	50% Average Monthly

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
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TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

% Monthly Imbalance	Customer Pays Company Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
>20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the "Weekly Price Survey" of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the "Average Monthly Index Price" shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily's "Weekly Price Survey" is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.
9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas, as noted above.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of the aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
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TRANSPORTATION RATE SCHEDULE (Continued)

11. Small Volume Balancing Service

Daily Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a critical day or operational flow order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13. below for each dekatherm that customer failed to deliver.

The cost of the service is 7.0¢ per dekatherm transported on Company's system. Revenues collected from this balancing service will be credited against the cost of sales gas (demand and commodity) Weighted Average Cost of Gas (WACOG).

12. Large Volume Balancing Service (LVBS) Program

This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating.

This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7. of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges. $(100 \times 5\% + 20 = 25 \text{ MMBtu} +/-)$.

Issued By: J F Schott
VP Regulatory Affairs

*Effective Date: December 1, 2012
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TRANSPORTATION RATE SCHEDULE (Continued)

This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service is \$2.18 per dekatherm. This rate is equivalent to Northern Natural Gas' SMS demand charge. A variable charge of \$0.0208 per dekatherm shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas. The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

13. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.
14. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or \$20 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.
15. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.
16. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.
17. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

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RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Northern Natural Gas within two (2) miles of an alternate supply source.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.
3. Rate
Customer Charge - \$370.00 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$.042/dekatherm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

4. Special Conditions
- A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.
 - B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.
 - C. All Large Volume transportation customers other than farm tap customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.
 - D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
 - E. The order of gas delivery for purposes of billing will be as follows:
 - a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per MERC's applicable sales tariffs.
 - F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.
 - G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-NNG

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.
6. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.
7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-NNG transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.
8. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-NNG

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
- The cost of aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.
11. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3".
13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.
14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

**RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE**

1. Availability: Service under this rate schedule is available to large volume transport customers served by Viking Gas Transmission or Great Lakes Gas Transmission within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Rate
Customer Charge - \$370.00 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$.085/dekatherm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions.

Btu's will be calculated on an arithmetic average.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

5. Special Conditions
- A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.
 - B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.
 - C. All Large Volume transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.
 - D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
 - E. The order of gas delivery for purposes of billing will be as follows:
 - a. First, customer-owned firm volumes.
 - b. Second, customer-owned interruptible volumes.
 - c. Third, sales gas priced per MERC's applicable sales tariffs.
 - F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.
 - G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

Issued By: J F Schott
VP Regulatory Affairs

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*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.
6. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.
7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.
8. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
- The cost of aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.
11. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3".
13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.
14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

FLEXIBLE RATE GAS SERVICE RIDER

1. Availability: Service under this rate schedule is available to any non-general-service customer.
2. Applicability and Character of Service:

Service under this rate schedule is limited to customers subject to effective competition. (“Effective competition” means that a customer who either receives interruptible service or whose daily requirement exceeds 50 dekatherm maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, or cellulosic materials, at comparable prices from a supplier not regulated by the Commission.)

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company’s system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company’s system are eligible to take service under flexible tariffs.
3. Rate:

Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.

 - A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
 - B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
 - C. The rate for gas delivered shall be at least \$0.0045 per therm.
 - D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the commodity charge for all volumes taken subject to and computed in accordance with Part C.
 - E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1,000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.
4. General Terms and Conditions:

All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

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*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

5. Election of Service:
Service under this rider is at the option of the customer, except that, customers who use alternative energy supplies as described in the Applicability of Service Section are limited to taking service under this rider. Any customer electing service under this rider must remain on this rider for a period of at least one year.

6. Default Rate:
If a rate cannot be negotiated in a timely manner, the customer agrees to pay Company a default rate equal to the applicable upward flexible rate shown on Sheet 7.07.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other "Transportation for Resale" customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.
2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.
3. Rate:
 - A. The customer charge shall be \$175.00 per month plus a charge of \$70.00 per month for administrative costs related to transportation.
 - B. The rate per dekatherm for transportation charge shall be \$.72.

The customer is responsible for purchasing its own entitlement units, e.g., Daily Firm Capacity, etc. The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.
4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.
5. Volume Adjustment:

Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is \$113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.
2. Viking Gas Transmission Company: Not applicable.
3. Great Lakes Transmission: Not applicable.

NOTE: This tariff will be amended when changes in pipeline tariffs occur.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

PURCHASED GAS ADJUSTMENT - UNIFORM CLAUSE

1. Rates Subject to the Purchased Gas Adjustment (PGA) Clause: All gas utility rate schedules shall be subject to a gas cost adjustment as defined in 2. and 3. below. Since the Company purchases gas from different supply sources, the Company will determine the delivered cost of gas purchased by Supplier and implement any change in the billing rate which exceeds .3 cents per therm. The Company will also update its PGA every three months since the last change, which exceeded .3 cents per therm.

2. Determination of Purchased Gas Adjustment Amount: For purpose of computing the Purchased Gas Adjustment, the following formula will be used:

$$\frac{PD}{V} + WACOG + \frac{A}{V^1} - B = \text{Gas Cost Adjustment}$$

Where:

PD = Demand Cost: (1) The cost of purchased gas to be sold calculated by multiplying the current cost of purchased gas from each supplier times the last authorized demand volumes approved by the Commission and (2) The costs of firm transportation are calculated by multiplying the current cost from each supplier times the last demand volumes approved by the Commission.

WACOG = Projected weighted average cost of gas: The cost of purchased gas to be sold calculated by multiplying the estimated cost per dekatherm, therm or Btu by supplier (including transportation commodity costs) times the estimated purchase volumes by supplier for the upcoming month.

A = The current balance of unrecovered or over-recovered purchased gas costs. This is calculated once a year and filed each September 1 as explained in 5. on Sheet No. 7.01.

V = The sales volume for the forthcoming twelve month period ending August 31. The annual volumes shall:

- A. Be adjusted to reflect normal temperatures.
- B. Be for the most recent twelve months of the fourteen months immediately preceding the effective date of any demand increase or decrease.
- C. Once normalized, be further adjusted by an average percentage change in normalized sales computed over the preceding three year period.
- D. Also change in accordance with Minnesota Rules 7825.2390 - 7825.3000.

V¹ = Projected 12 months sales volumes.

B = Actual purchased gas cost embedded in the gas utility filed rate schedules based on purchase and sales volumes established during the base period including all adjustments approved by the Commission.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

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Proposed Effective Date: December 1, 2012

PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE (Continued)

3. Application of Calculation

The formula $\frac{PD}{V} + WACOG + \frac{A}{V' - B}$ identified previously will be calculated separately for each supplier and/or supply zone (where separate rate schedules are maintained), if appropriate by class of service for interruptible, firm and general service sales. Demand charges will be assigned on a unit basis to applicable customers.

4. Cost Included in the Purchased Gas Adjustment: The cost of gas included in the computation shall consist of all costs properly included in FERC Accounts 800 through 812, transportation charges and all other charges incurred to obtain gas supplies.5. Frequency of Change: The underrecovery/overrecovery balance adjustments under this provision shall be computed and filed by September 1 of each year.

Accounting Requirement: Subsequent to the effective date of this clause, the Company shall maintain a continuing monthly comparison of the actual cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by multiplying the volumes sold during said month by the currently effective rate for purchased gas. The difference in the actual cost of gas and the cost recovery represents the over/under recovery for the month. The total differences for the twelve-month period ending August 31 represent the balance of underrecovered or overrecovered purchased gas cost for the period. The balance for the period, plus the balance at the beginning of the period, and any adjustments represent the current balance in the Account (“A” in the formula above).

Costs included in the Purchased Gas Adjustment will be offset by the revenues collected from Company’s Small Volume Balancing Service on a yearly basis in the annual Reconciliation Adjustment.

The Company shall maintain an over/under account for each supply zone for the under-recovered or over-recovered purchased gas costs on a monthly basis.

6. Treatment of Refund: Refunds and interest thereon received from the suppliers of purchased gas that are attributable to the cost of gas previously sold will be refunded by credits to bills or by checks within a period not to exceed 90 days from the date the refund is received from a supplier, provided the refund amount per customer is equal to or greater than five dollars. The utility shall include the unrefunded balance as an adjustment to the balance of under recovered or over recovered purchased gas cost for the period as explained in the Accounting Requirements above.7. Information to be Filed with the Commission: Each Purchased Gas Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

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*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

CONSERVATION COST RECOVERY ADJUSTMENT

1. Applicability of Conservation Cost Recovery Adjustment: The conservation cost recovery adjustment (CCRA) is applicable to the Company's Minnesota gas rate schedules.
2. Adjustment: There shall be included on each customer's monthly bill a CCRA factor multiplied by the customer's monthly billing terms for gas service before any applicable adjustments, city surcharge, or sales tax.
3. Determination of Conservation Cost Recovery Adjustment Factor: The CCRA is calculated for each customer class by dividing the recoverable Conservation Improvement Program costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

All Classes MERC

TBD

4. For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRA shall not apply.
5. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

Issued By: J F Schott
VP Regulatory Affairs

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

RETAIL GAS COST ADJUSTMENT PURSUANT TO
PURCHASE GAS ADJUSTMENT - UNIFORM CLAUSE

Effective **01-Dec-12** the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per therm detailed below as provided for in the Purchase Gas Adjustment - Uniform Clause as on file with the Minnesota Public Service Commission.

MERC NNG

NORTHERN NATURAL GAS

<u>MDOC Rate Schedule</u>	<u>Prior Cumulative Adjustments</u>	<u>Change Filed Herein</u>	<u>ACA Adjustment</u>	<u>Current Adjustment</u>
<u>General Service</u>				
GS-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Volume Interruptible</u>				
SVI-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Volume Interruptible</u>				
LVI-NNG	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Small Joint Firm Interruptible Service</u>				
SJ-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Large Joint Firm Interruptible Service</u>				
LJ-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<u>Super Large Volume</u>				
TSL-NNG Demand	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000

Issued By: **J F Schott**
Vice President
Submittal Date:

Effective Date: **01-Dec-12**

RETAIL GAS COST ADJUSTMENT PURSUANT TO
 PURCHASE GAS ADJUSTMENT - UNIFORM CLAUSE

Effective **01-Dec-12** the charges for each monthly bill under schedules listed below shall be increased or decreased by adding to each rate block amounts per term detailed below as provided for in the Purchase Gas Adjustment - Uniform Clause as on file with the Minnesota Public Service Commission.

MERC

Consolidated	Prior Cumulative Adjustments	Change Filed Herein	ACA Adjustment	Current Adjustment
<u>MDOC Rate Schedule</u>				
<u>General Service</u>				
GS-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
 <u>Small Volume Interruptible</u>				
SVI-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
 <u>Large Volume Interruptible</u>				
LVI-Con	\$0.00000	\$0.00000	\$0.00000	\$0.00000
 <u>Small Volume Joint Firm Interruptible Service</u>				
SJ-Con Daily Firm Capacity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
 <u>Large Volume Joint Firm Interruptible Service</u>				
LJ-Con Daily Firm Capacity	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Commodity	\$0.00000	\$0.00000	\$0.00000	\$0.00000

Issued By: **J F Schott**
 Vice President

Effective Date: **01-Dec-12**

Submittal Date:

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(Reserved for Future Use)

Issued By: J F Schott
Vice President

Effective Date: 01-Dec-12

Submittal Date:

DELETED
(Reserved for Future Use)

Issued By: J F Schott
Vice President

Effective Date: 1-Dec-12

Submittal Date:

TARIFF SALES RATES

Per Therm

Rates Subject to Fuel Adjustment Clause

	(A)	(B)	(C)	(D)	(A+B+C) (E)	(D+E) (F)	(G)	(D-G+D) (H)	(E+G) (I)	(E+H) (J)
	Base Gas Cost	PGA Adjustment	Annual ACA Adjustment	Tariff Margin	Total Tariff Rate w/o Margin	Total Tariff Rate	Minimum Flex Margin	Maximum Flex Margin	Minimum Total Flex Tariff	Maximum Total Flex Tariff
<u>Small Volume Interruptible</u>										
NNG	0.57483	0.00000	0.00000	0.12086	0.57483	0.69569	0.00400	0.23772	0.57883	0.81255
Consolidated	0.54647	0.00000	0.00000	0.12086	0.54647	0.66733	0.00400	0.23772	0.55047	0.78419
<u>Large Volume Interruptible</u>										
LVI-NNG	0.57483	0.00000	0.00000	0.03568	0.57483	0.61051	0.00400	0.06736	0.57883	0.64219
LVI-Consolidated	0.54647	0.00000	0.00000	0.03568	0.54647	0.58215	0.00400	0.06736	0.55047	0.61383
<u>Daily Firm Capacity-Small Volume</u>										
SJ-NNG	1.95620	0.00000	0.00000	0.23000	1.95620	2.18620	0.00000	0.46000	1.95620	2.41620
SJ-Consolidated	0.56880	0.00000	0.00000	0.23000	0.56880	0.79880	0.00000	0.46000	0.56880	1.02880
<u>Daily Firm Capacity-Large Volume</u>										
NNG	1.95620	0.00000	0.00000	0.23000	1.95620	2.18620	0.00000	0.46000	1.95620	2.41620
Consolidated	0.56880	0.00000	0.00000	0.23000	0.56880	0.79880	0.00000	0.46000	0.56880	1.02880
<u>Super Large Volume</u>										
NNG										
S-LV-Commodity	0.57483	0.00000	0.00000	0.00420	0.57483	0.57903	0.00400	0.00440	0.57883	0.57923
S-LV-Demand*	1.95620	0.00000	0.00000	0.06200	1.95620	2.01820	0.00000	0.12400	1.95620	2.08020
Consolidated										
S-LV-Commodity	\$0.54647	0.00000	0.00000	0.00420	0.54647	0.55067	0.00400	0.00440	0.55047	0.55087
S-LV-Demand*	\$0.56880	0.00000	0.00000	0.06200	0.56880	0.63080	0.00000	0.12400	0.56880	0.69280

*If customer prefers to be a Transportation only customer, the Base Gas Cost Component of Firm Transportation is the NNG TF12 Base Tariff Rates plus all applicable Surcharges including GRI based on Northern Natural Gas FERC Gas Tariff Sheet No. 50.

Base Gas Cost approved in Docket No. G007,011MR-10-978.

FIRM TRANSPORTATION SERVICE - TF

Firm Transportation is available to any customer served under a MERC NNG tariff designation.
 The charges for TF-12, TF5, and TFX are set forth below:

	<u>Class</u>	<u>Reservation Fee</u> \$/therm	<u>Margin</u> \$/therm	<u>Total Charge</u> \$/therm
TF-12	SV	\$1.38660 [1]	\$0.23000	\$1.61660
TF-5	SV	\$1.51530 [1]	\$0.23000	\$1.74530
TFX	SV	\$1.51530 [1]	\$0.23000	\$1.74530
TF-12	LV	\$1.38660 [1]	\$0.23000	\$1.61660
TF-5	LV	\$1.51530 [1]	\$0.23000	\$1.74530
TFX	LV	\$1.51530 [1]	\$0.23000	\$1.74530
TF-12	SLV	\$1.38660 [1]	\$0.06200	\$1.44860
TF-5	SLV	\$1.51530 [1]	\$0.06200	\$1.57730
TFX	SLV	\$1.51530 [1]	\$0.06200	\$1.57730

[1] Per Northern Natural Gas Company's FERC Gas Tariff, Fifth Revised Volume No. 1, 21 Revised Sheet Nos. 50 & 51.

Issuing Officer: J. F. Schott
 Vice President

Effective Date: 01-Dec-12

Submission Date to Department Public Service

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)

1. Availability:

Available to residential customers in the MERC Minnesota service area who have been qualified and receive assistance from the Low Income Home Energy Assistance Program (“LIHEAP”) during the federal fiscal year (“Program Year”). Further, such customers must agree to be placed on a levelized payment plan and must also agree to a payment schedule as described below to be considered a “Qualified Customer”.

2. Program Description and Rate Impact for Qualifying Customers:

This Program shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income programs. The Program has two components: 1) Affordability, and 2) Arrearage Forgiveness. MERC or an agent of MERC, will review current billing and consumption information, approved LIHEAP benefits and household income information as submitted to MERC to determine a Qualified Customer’s payment schedule amount. A Qualified Customer’s payment schedule shall include both payment of the customer’s current month’s bill (which reflects one-twelfth the levelized payment plan), after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customer’s pre-program arrears.

2.1. Affordability Component:

The Affordability component consists of a bill credit determined as one-twelfth of the difference between MERC’s estimate of the Qualified Customer’s annual gas bill and 6% of the Qualified Customer’s household income as provided by the Qualified Customer to MERC. This bill credit is a Program cost that will be included in the Tracker. Any energy assistance sums not applied to arrears will be applied to a Qualified Customer’s current bill.

2.2. Arrearage Forgiveness Component:

The Arrearage Forgiveness component consists of a monthly credit that will be applied each month after receipt of the Qualified Customer’s payment. The credit will be designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the Qualifying Customer’s contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a Program cost that will be included in the Tracker.

Issued By: Jim Schott
VP Regulatory Affairs
Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)

3. Conditions of Service:

- 3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.
- 3.2. Before the start of an enrollment period, MERC will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to MERC before the close of the enrollment period.
- 3.3. Regardless of arrears balances, MERC agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.
- 3.4. Qualified Customers must maintain an active MERC account in said customer’s name at their permanent primary residence only to be eligible for this Program.
- 3.5. Qualified Customers agree to notify MERC of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.
- 3.6. If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC’s regular collection practices including the possibility of disconnection.

4. Funding:

- 4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC shall not exceed \$1 million (\$1,000,000.00) per year. *See* Exhibit B. MERC shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.
- 4.2. MERC shall recover Program costs in the Delivery Charge applicable to customers receiving firm service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service.
- 4.3. A tracking mechanism (“Tracker”) will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. MERC will track and defer Program costs with regulatory approval. The prudence of the Program costs are subject to regulatory review.

Issued By: Jim Schott
VP Regulatory Affairs
Submittal Date:

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Proposed Effective Date: December 1, 2012

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GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM")(Continued)

- 4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service. The initial rate is \$0.0039 per therm. The surcharge will be identified as a separate line item, Gas Affordability Program charge, on the customer's bill. MERC may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case or at the end of the initial four-year term of the Program.
5. Evaluation:
- 5.1. The Program shall be evaluated before the end of the initial four year term and may be modified based on annual reports and on a financial evaluation.
- 5.2. The annual reports will include the effect of the Program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the Program.
- 5.3. The financial evaluation will include a discounted cash flow of the Program's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the Program. Any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers.
6. Program Revocation:
- The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.
7. Term:
- The Program shall become effective April 1, 2008 and shall have an initial four-year term ending December 31, 2011. Annual reporting will begin on March 31, 2009 and will continue each year thereafter, ending on March 31, 2012.
8. Applicability:
- Unless otherwise specified in this tariff, Qualified Customers in the Program shall receive service in accordance with all terms and conditions of the standard gas service tariffs applicable to residential customers.

Issued By: Jim Schott
VP Regulatory Affairs
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GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)(Continued)

Exhibit B

MERC TOTAL Throughput*	255,472,930/therm
Projected program arrearage expenses	\$950,000.00
Projected program administrative expenses	\$50,000.00
Projected total program costs	\$1,000,000.00
MERC affordability surcharge	
\$1,000,000.00/255,472,930/therm	\$0.0039/therm

*Volume data from 06-07 MERC AAA filings, Docket No. E,G999/AA-07-1130

Issued By: Jim Schott
VP Regulatory Affairs
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Issued By: Jim Schott
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Submittal Date:

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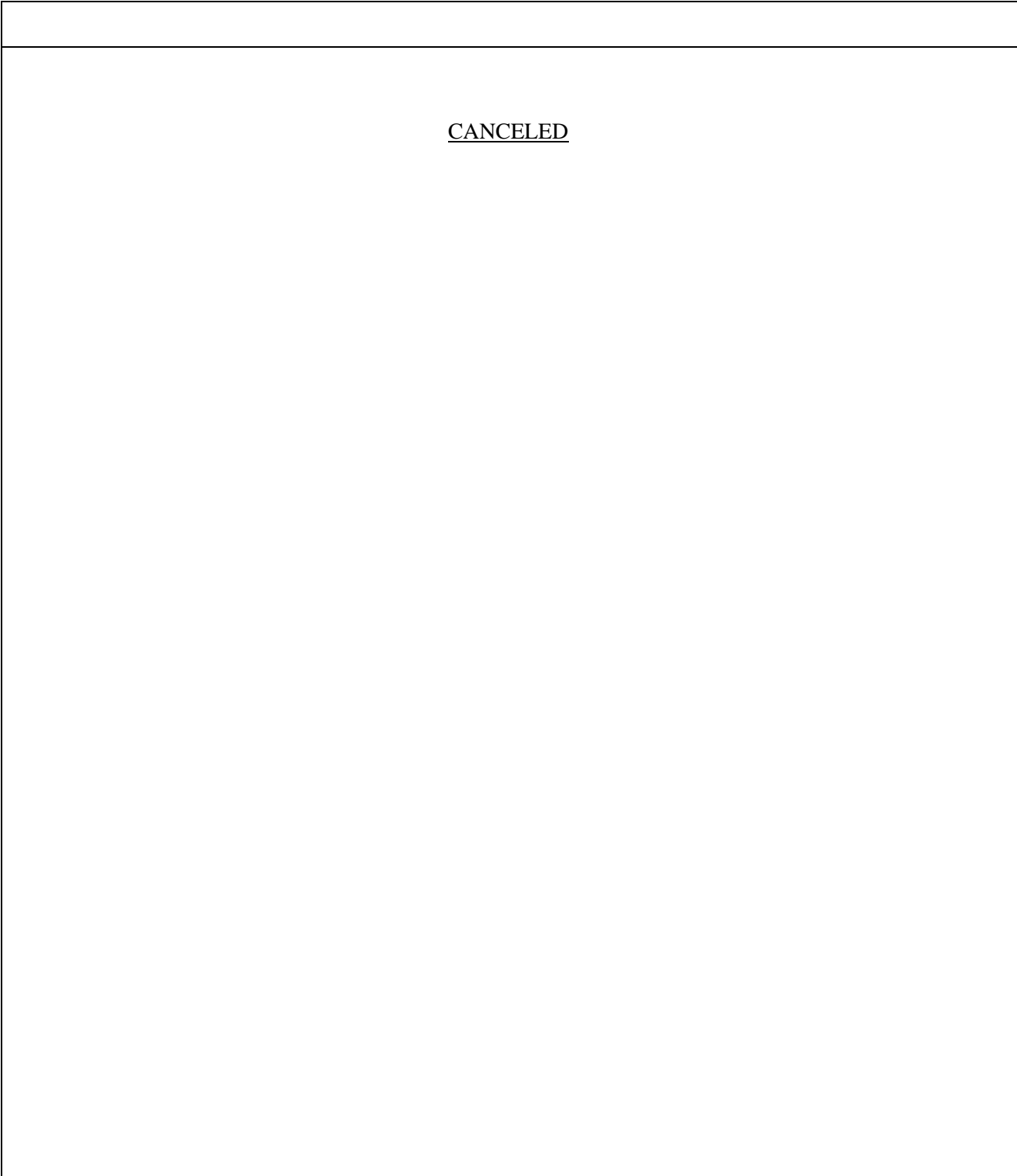
*Effective with bills issued on and after this date.

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Issued By: Jim Schott
VP Regulatory Affairs
Submittal Date:

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*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012



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<u>CANCELED</u>

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REVENUE DECOUPLING MECHANISM ("RDM")

1. Purpose

The purpose of the Revenue Decoupling Mechanism (RDM) is to: (a) reduce the financial disincentive for the Minnesota Energy Resources Corporation (Company) to promote energy efficiency and conservation and (b) promote distribution revenue symmetry by breaking the link between sales volumes and distribution revenues.

2. Applicability

The RDM shall apply to all customers served under the Small Volume General Service rate schedules, specifically all Residential and Small Commercial & Industrial customers.

3. Definitions

As used in the RDM, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of distribution revenues, excluding revenues arising from the CCRC and adjustments under the RDM, which were billed for each applicable Rate Schedule Group in the Calendar Year.

Actual Customers (AC) shall mean the number of customers in each applicable Rate Schedule Group in the Calendar Year.

Billing Period shall mean the 12-month period succeeding the Calendar Year for which the RDM is billed.

Conservation Cost Recovery Charge (CCRC) shall mean the Conservation Cost Recovery Charge imbedded in base volumetric distribution rates.

Factor V (V) shall mean the sales volumes, in therms, projected to be delivered by the Company to customers in each applicable Rate Schedule Group for the Billing Period.

Calendar Year shall mean the Calendar Year that ended as of the most recent December 31.

Rate Case Customers (RCC) shall mean the number of customers that underlie the distribution rates approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group.

Rate Case Margin (RCM) shall mean the dollar amount of distribution revenues arising from the test year sales volumes and distribution charges approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group, less any revenues arising from the CCRC.

Issued By: Jim Schott
VP Regulatory Affairs
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Proposed Effective Date: December 1, 2012

REVENUE DECOUPLING MECHANISM ("RDM")(Continued)

Rate Schedule Group shall mean the rate schedule group approved by the Commission in Docket No. G007,011/GR-10-977 for the purposes of determining a RDM adjustment.

Reconciliation Adjustment (RA) shall mean dollar amounts due the Company (+RA) or the customers (-RA) arising from RDM adjustments that were under-billed or over-billed to each Rate Schedule Group in the Calendar Year.

4. Determination of Adjustment

There shall be a separate per therm adjustment amount determined under the RDM for each applicable Rate Schedule Group and such amount shall be determined as follows:

$$\frac{[(RCM / RCC) - (AM / AC)] \times RCC + RA}{V}$$

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

A symmetrical cap of ten percent of non-gas margin rates, excluding CCRC rates, will be imposed on the calculation of the RDM. The cap limits the amount the Company can collect or credit via the RDM to ten percent of distribution revenues.

6. Minnesota Public Utilities Commission (Commission) Authority

If warranted by unforeseen circumstances, the Commission has the authority to modify or suspend the rates set via the RDM calculation during the pilot program.

Issued By: Jim Schott
VP Regulatory Affairs
Submittal Date:

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Proposed Effective Date: December 1, 2012

REVENUE DECOUPLING MECHANISM ("RDM")(Continued)

7. Reports

No later than March 31 of the calendar year following the Commission's approval for the RDM, and then no later than March 1 of each succeeding year until the RDM terminates, the Company shall file annually with the Commission a report that specifies the RDM adjustments to be effective for each Rate Schedule Group for the Billing Period. The initial report shall reflect a Calendar Year that begins on the first day of the month succeeding the implementation of final rates approved by the Commission in Docket No. G007,011/GR-10-977 until December 31 of that year, and then for a full Calendar year for each succeeding year. The report shall include work papers and data supporting the calculations in Section 4 of the RDM. Adjustments shall be effective with bills rendered on or after March 1 of the Billing Period and shall continue for 12 months. The report will also include an evaluation plan with information required by the Commission in Docket No. G007,011/GR-10-977.

In the event any portions of the proposed RDM adjustments are modified by the Commission, the adjustments shall be adjusted in accordance with the Commission's order.

The Company shall record in its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of the RDM in actual earnings. Such estimates shall be adjusted if necessary, upon filing RDM calculations with the Commission and again upon final Commission approval.

8. Pilot Period

RDM adjustments shall be determined for three Calendar Years and for any partial Calendar Year in which the RDM becomes effective. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

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VP Regulatory Affairs
Submittal Date:

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Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS:A. Company:

The term “Company” is herein used to designate Minnesota Energy Resources Corporation, or MERC., which furnishes natural gas service under these general rules, regulations, terms and conditions.

B. Commission:

The term “Commission” is herein used to designate the Public Utilities Commission of the State of Minnesota.

C. Customer:

The term “customer” is herein used to designate a person, partnership, association, firm, public or private corporation or governmental agency using gas service supplied by Company subject to the jurisdiction of the Commission.

D. Town Plant:

The term “town plant” refers to the piped distribution system of a city, town, community, village, area, section or region, either incorporated or unincorporated, together with any suburban or contiguous area supplied with gas through a town border station. Town plant service is not limited to the geographical boundaries of the franchise.

E. Town Border Station:

The terms “town border station” and/or “City Gate Station” refer to the site where the gas changes ownership and where Company’s supplier measures and makes delivery of gas to Company. Such site is usually shared by supplier and Company. It is frequently located at the edge of a town and may be the site of check meters, regulators, odorization equipment and other appropriate appurtenances.

F. Types of Customers:1. Residential:

Customers taking natural gas for residential use (space heating, cooling, water heating, clothes drying, etc.) through an individual meter in a single family dwelling or building, or for residential use in an individual flat or apartment, or in a mobile home, or for residential use in not over four households served by a

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Vice President, Regulatory Services

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)F. Type of Customers (Continued)1. Residential (Continued)

single meter in a multiple family dwelling. Residential premises used regularly for professional or business purposes (doctor's office, small store, etc.) are considered as residential where the residential natural gas usage is half or more of the total gas usage.

2. Commercial:

Customers primarily engaged in wholesale or retail trade, agriculture, forestry, fisheries, transportation, communication, sanitary services, finance, insurance, real estate, personal services (clubs, hotels, rooming houses, five or more households served under a single meter, auto repair, etc.) government and customers whose usage does not directly qualify under one of the other classifications of service. The size of the customer or volume of natural gas used is not a criterion for determining commercial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.

3. Industrial:

Customers engaged primarily in a process which creates or changes raw or unfinished materials to another form or product. The size of the customer or volume of use is not a criterion for determining industrial designation. The nature of the customer's primary business or economic activity at the location served determines the customer classification.

4. Joint Rate Service:

Customers taking natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.

5. Interruptible Service:

Customers taking natural gas service which may be interrupted, curtailed or discontinued at any time at the option of the Company in accordance with the provision of Article 16 hereof.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)F. Types of Customers (Continued)6. Small Volume:

Customers whose maximum daily requirements, both Firm and Interruptible, are less than 200 dekatherms.

7. Large Volume:

Customers whose maximum daily requirements, both Firm and Interruptible, equal or exceed 200 dekatherms.

8. General Service:

The term "general service" customer is herein used to designate a person, partnership, association, firm public or private corporation who meets the requirements for gas service as specified in the Company's general service rate schedules on file with the Minnesota Public Utilities Commission.

9. Transportation Service:

Any individually metered (except in cases including a single location with multiple tenants) commercial or industrial end user who has contracted for an alternate or supplemental source of gas supply and has requested Company to transport such alternate or supplemental gas for customer's account.

10. Human Needs Customer:

Any customer including, but not limited to, a school, church, hospital, day care facility, nursing home, or other facility which must maintain its energy service in order to protect the health and welfare of its inhabitants.

11. Marketer:

An entity which represents an end-use customer. A marketer will be considered the end-use customer for purpose of the Aggregation Service.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)F. Types of Customers (Continued)12. Firm Service:

Service supplied to customers under schedules or contracts which are not normally subject to curtailment or interruption except under occasional, extraordinary circumstances.

G. Distribution Mains:

That portion of the gas distribution system transporting natural gas from the city gate or town border station to the customer's service line.

H. Service Line:

The pipe that transports natural gas from the main to a customer's meter or the connection to a customer's fuel line, whichever is farther downstream.

I. Point of Delivery:

The point of delivery and the point where Company ownership and maintenance of service pipe ends, shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and customer. All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the customer and are subject to the inspection and approval of the Company and other authorities which have jurisdiction.

J. Fuel Line:

All piping, valves and fittings downstream from the point of delivery at the meter to the inlet of the customer's appliance.

K. Abbreviations:

Btu - British Thermal Unit
psig - Pounds Per Square Inch Gauge
psia - Pounds Per Square Inch Absolute
W.C. - Water Column

Cfh - Cubic Feet Per Hour

°F - Degree Fahrenheit

L. Disconnection of Service:

"Disconnection of Service" means an involuntary cessation of utility service to a customer or disconnection at the request of the customer as provided at subsection 9 A 9 of these rules.

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Vice President, Regulatory Services

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)M. Temporary Disconnection:

“Temporary Disconnection” means a voluntary cessation of utility service and applied specifically to subsection 9. A. 9(b) of these rules. This is not a permanent termination of service.

N. Maximum Daily Quantity (MDQ):

The amount calculated by dividing the volumes consumed by a particular customer during the highest historical peak month of usage for that customer by twenty (20). Company will estimate a peak month for new customers. A Maximum Daily Quantity may also be established through direct measurement or other means (i.e. estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems) if approved by Company.

O. Daily Firm Capacity:

This is the amount of capacity the customer must purchase on a daily basis on both the interstate pipeline and the distribution system in order to receive Firm service. This term replaces the term “daily contract demand”. The daily firm capacity is calculated by taking the MDQ times the Daily Firm Capacity charge per therm.

P. Critical Day:

A “critical day” when called by the pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as any day during which in the sole judgment of the Company service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to curtailment or interruption. A critical day may be declared with respect to any one or more delivery and/or receipt points.

Q. Operational Flow Order:

An “operational flow order” when called by the interstate pipeline has the meaning set forth in the interstate pipeline’s tariff, and when called by the Company, is defined as a notice issued by the Company to customer(s) requiring the delivery of specified quantities of gas to Company for the account of customer at times deemed necessary by the Company to maintain system integrity and to assure continued service. An operational flow order may be issued to the smallest affected area for example, a single receipt point, receipt points on a pipeline, or the entire system.

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Vice President, Regulatory Services

Submittal Date:

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITYA. Quality:

All Suppliers: Natural gas delivered shall be merchantable natural gas suitable for the purposes for which it is sold. There shall be a Btu adjustment when the Btu content of the natural gas delivered varies from 1,000 Btu/cu. ft. A customer's billed consumption (therm or dekatherm) per month will be adjusted according to Btu content of the natural gas delivered. When Company is required to supplement supply with propane-air mixture, liquefied natural gas and/or a synthetic gas mixture, the Btu content will vary. A change in Btu content range by supplier will result in subsequent and like change in gas delivered to customer.

B. Unit of Measurement: For all customers served by the town plant distribution pipeline system the standard unit of measurement shall be a cubic foot at a temperature of 60 °F and at a pressure of 14.73 pounds per square inch absolute.

C. Delivery Pressure: Delivery pressure of natural gas by Company to customers for residential and general service will approximate four ounces. However, delivery pressure for such customer will normally not be less than two ounces or more than eight ounces as measured at the customer's meter outlet. Delivery of gas at a pressure of two psi will be provided to the customer upon request subject to Company approval and compliance with fuel line installation standards of Company and subject to distribution system design and capacity. Where the customer has entered into a standard gas sales contract with the Company, deliveries of gas will be made at the pressure specified in such contract. The customer shall install, operate and maintain at its own expense, such pressure regulating and relief devices as may be necessary to regulate the pressure of gas after delivery to the customer.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)D. Computation of Volumes of Gas Sold:

1. General Service and Small Volume Interruptible Customers: The volume of gas delivered to customer shall be computed at the standard unit of measurement. Where delivery pressure exceeds the standard unit of measurement the volumes will be corrected to the standard unit of measurement in accordance with the A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4.
2. Contractual Customers:
 - (a) Measurement Factors: The volume of gas delivered as measured at delivery pressures shall be corrected to the unit of measurement specified in the contract. Measurement and determination of volumes delivered shall be made in accordance with the recommendations set forth in A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4, or AGA Report No. 7.
 - (b) Temperature: The temperature of gas delivered and measured shall be assumed to be sixty (60) degrees Fahrenheit. Where a recording thermometer has been installed to record the temperature of the gas flowing through the meters, the arithmetic average of the hourly temperature so recorded shall be used in measurement computation.
 - (c) Specific Gravity: The specific gravity of the gas used in the measurement shall be as determined by the Company's wholesale natural gas suppliers: Northern Natural Gas Company, Great Lakes Gas Transmission Company, and Viking Transmission Company.
 - (d) Heating Value: The heating value of the natural gas which Company receives from its suppliers may vary. Accordingly, from time to time, adjustments in the form of a gas measurement factor may be necessary as specified in the provisions of the various contracts.

The heating value of the gas delivered shall be determined by appropriate industry standard equipment. Such equipment shall be adjusted to record the gross heating value per cubic foot of the gas on a dry basis. Such equipment shall be owned, operated and maintained by Supplier at a point on its facilities to be determined by Supplier; Supplier reserves the right to change the location at any time to a point which is representative of the gas being delivered hereunder.

Issued By: Jim Schott
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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)E. Meter Standards

1. Meter: The gas delivered by Company to the customer shall be measured by an adequate meter of standard type, installed, operated and maintained by Company.
2. Location: The town plant customer will provide a place on the customer's premises at no cost to the Company for location of the meter. The location of a previously set meter may be changed by the Company at the request of the customer. The expense of the change shall be paid by the customer.
 - (a) Domestic and Small Volume Commercial - Meters will be set and maintained on the customer's premises at a location mutually acceptable to both the Company and the customer after giving due consideration to safety, accessibility for meter reading, prudent investment of materials and the prevailing practice in the community. Alternative locations must be approved by the Company.
 - (b) Large Volume and/or Industrial - Meters will be set at customer's property line nearest the gas main whenever possible. Alternative locations must be approved by Company.
3. Access: The Company's authorized agents shall have access to the Company's meters and pipes at all reasonable times for the purpose of inspection, maintenance, connect, disconnect, leak detection, meter turn off and to ascertain the quantity of gas consumed or registered.
4. Testing: Company shall test its meters at reasonable intervals and shall at the time of the test adjust the meter to record accurately.
5. Customer Requested Meter Test: Upon request, the Company shall make a test of the meter serving a customer provided that such tests need not be made more frequently than once in 18 months. If the meter is found accurate under the provisions of 2. E. 6, the Company may charge the customer not to exceed thirty dollars (one hundred dollars for large volume equipment) or the actual cost of such test, whichever is less.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)E. Meter Standards: (Continued)5. Customer Requested Meter Test: (Continued)

The Company shall notify the customer in advance of the date and time of the requested test so the customer or a representative may be present when the meter is tested.

A report of the results of the test shall be made to the customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test shall be kept on file at the office of the Company.

6. Adjustment of Measurement Errors:

- (a) Fast Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) fast, Company shall refund to the customer the overcharge. If the error is due to a cause the date of which can be determined with reasonable certainty, then the refund will be computed from that date, but in no event for a period longer than one (1) year. If the period of the inaccuracy cannot be determined, then it shall be assumed that the full amount of the inaccuracy existed during the last half of the period since the meter was last tested but not to exceed six months.

If the recalculated bills indicate that a refund more than one dollar (\$1.00) is due an existing customer, or Two Dollars (\$2.00) is due a person no longer a customer of the Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. The refund to an existing customer may be in cash or as a credit on a bill. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

- (b) Slow Meters - Whenever any meter is found upon test to have an average error of more than two percent (2%) slow, Company may charge for the gas consumed during the period of inaccuracy, but not included in bills previously rendered. If the error is due to a cause the date of which can be determined with reasonable certainty, then Company may bill the customer for the amount that the test indicates has been undercharged for the period of inaccuracy, but not for a period longer than one (1) year. If the period of inaccuracy cannot be

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Submittal Date:

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)E. Meter Standards: (Continued)6. Adjustment of Measurement Errors: (Continued)(b) Slow Meters (Continued)

determined, then the charge shall be based on a corrected meter reading for a period equal to one-half of the time elapsed since the previous test, but not exceed six months. For the purpose of this billing adjustment, the meter error shall be one-half of the algebraic sum of the error at full-rated flow plus the error at check flow. No back-billing from the time of notification by the customer will be sanctioned if the customer has called to the Company's attention his doubts as to the meter's accuracy and the Company has failed, within a reasonable time, to check it.

If the recalculated bills indicate that the amount due the utility exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The first billing rendered shall be separated from the regular bill and the charges explained in detail.

(c) Non-Registering Meters

When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, Company may charge for an estimated amount of gas used but in no event shall such charge be for a period longer than one (1) year.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)F. Meter Reading:

Meter readings of meters serving customers connected to Company distribution system shall normally be taken by the Company at intervals of approximately 30 days except where noted below. When access to a meter cannot be gained, the customer fails to supply a meter reading form in time for the billing operation or in case of emergency (storms, accidents, etc.), an estimated reading may be rendered. Estimated bills shall be based on the customer's historical actual consumption, if available, or rate schedule history where historical actual consumption is not available. In the case of a customer who has three consecutive estimated billings, the Company will use its best effort to obtain an actual reading. Each customer will receive at least one actual reading within a twelve month period. After a reading is obtained, if there is any material difference, an adjusted bill shall be rendered for the period since the last previous reading of the meter. The Company shall divide the municipality or territory into districts and will read meters in each district at a selected time.

No more than three estimated meter readings will occur for any customer, and no customer will receive estimated bills for two consecutive months more than one time per year.

Rural Customers shall supply meter readings on a form supplied by the Company and return them promptly.

3. COMPANY OWNED ITEMS:

Unless otherwise defined in writing between the customer and the Company, the Company shall own, install and maintain where applicable the following items required to provide service to the point of delivery:

- A. Service pipes.
- B. Meters.
- C. Regulators.
- D. Pressure relief vents and valves.
- E. Shut-off valves.
- F. Connectors and miscellaneous fittings.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

4. STANDARDS FOR CUSTOMER-OWNED FUEL LINES:

When fuel lines are customer owned, customers are responsible for installing and maintaining those fuel lines, including piping and where applicable, appurtenant pressure regulation, valves, jointing, pressure relief valves, fittings and equipment in compliance with the most currently applicable provisions of the American National Standard "National Fuel Gas Code," ANDI Z 223.1-1974 (NFPA No. 54-1974), and Company and local codes and regulations pertaining to natural gas piping.

- A. Emergency Leak Calls. In the event of an Emergency Leak Call, Company will respond in accordance with the requirements of 49 C.F.R. Part 192.615. There will be no charge to the customer for such calls unless a leak or substandard pipes are found and the Company repairs such at the customer's request. In such cases, the provisions under "Emergency Service Disconnection" would apply.
- B. Inspections. In response to either a non-emergency request from the customer for an inspection of the fuel lines or a request from the Minnesota Office of Pipeline Safety for a routine inspection, Company will perform tests in accordance with the National Fuel Gas Code, Company standards and local codes and regulations pertaining to natural gas piping. Testing may include, but shall not be limited to, leak detection tests conducted in and around the customer's residence and "shut-in tests" which involves isolating the section of fuel line from the meter set at the sales point to the customer's line. Non-emergency tests which are conducted at the request of the customer will be at the customer's expense. If an inspection results in the detection of a leak or pipe which is below the code specification, the provisions under "Emergency Service Disconnection" would apply.
- C. Emergency Service Disconnection. If an inspection or a response to an Emergency Leak Call detects a leaking fuel line or a line failing to meet code standards, Company is obligated to "red tag" the meter and prevent any gas from following until customer has ensured that the necessary repairs have been made to reinstate the system into compliance with the safety specifications set out in the National Fuel Gas Code. Customers who choose MERC to provide repair service will pay separately for the service. If immediate replacement or repair is impossible the customer may elect, at the customer's expense, to convert to an alternative source of fuel.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

5. WASTAGE OF GAS

No billing adjustments will be made for wastage of gas that occurs through the customer's fuel line and downstream of the Company's meter even though wastage may occur without the knowledge of the customer. Such wastage, if detected by Company, will be reported to the customer along with necessary recommendations for repair. Wastage of gas which occurs through the Company-owned mains and services will not normally be billed to the customer, provided, however, that any wastage which occurs as a direct result of damage by the customer or a third party to Company property will be billed to that customer or person(s) responsible for such damage.

6. TEMPORARY SERVICE

When the Company renders temporary service to a customer, the customer will bear the costs of installing and removing the service in excess of any salvage realized. The cost shall include the cost of labor, materials, permits, rights-of-way, pavement repairs, taxes imposed on the Company and all other costs incident to the furnishing and installation of the service. The Company may, at its sole discretion, waive all or a portion of such costs.

A customer taking temporary service shall pay the regular rates applicable to the class of service rendered. The rates charged reflect the Commission approved rate of return on that portion of the Company's business under this jurisdiction of this Commission.

The Company may require the customer to make an advance payment sufficient to cover the cost of service as described above.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSITA. Assurance of Payment

The Company may require all customers to make a written application for gas service. If application is approved for service it will be evaluated by the Company and a determination will be made of the need for a cash deposit sufficient to guarantee payment of bills for service rendered. A customer, who within the last 12 months has not had service disconnected for nonpayment of a bill and has not been liable for disconnect for nonpayment of a bill which is not in dispute, shall be deemed to have established good credit.

The Company may in certain situations require a deposit from new customers at the time of application for service and from existing customers. "New Service" means service extended to or requested by any customer who has not received service as a customer for the preceding six months. A utility shall not require a cash deposit or other guarantee of payment as a condition of obtaining new service unless a customer has an unsatisfactory credit or service standing with the utility due to any of the following:

- The customer or applicant has outstanding a prior utility service account with the utility which at the time of request for service remains unpaid and not in dispute;
- The service of a customer or applicant has previously been disconnected for any permissible reason which is not in dispute; or
- The credit history as provided in Minn. Rules 7820.4600 and 7820.4700 demonstrates that payment cannot be assured. The determination of an adequate credit history must be determined by objective criteria, and such criteria must bear a reasonable relationship to the assurance of payment.

Deposits may be required if the existing customer has had service with the company disconnected for nonpayment of an undisputed bill or has been issued a notice of disconnection for an undisputed bill within the last 12 months. "Existing service" means service presently being extended to a customer or which has been extended to a customer within the past six months.

The Company shall not require a deposit of any customer without explaining in writing why that deposit or guarantee is being required and under what conditions, if any, the deposit will be diminished upon return. The Company shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is unavailable.

No deposit shall be required by Company because of customer's income, home ownerships, residential location, employment tenure, nature of occupation, race, color, creed, sex, marital status, age or national origin, or any other criterion which does not bear a reasonable relationship to the assurance of payment of which is not authorized by Minn. Rules 7820.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)B. Guarantees In Lieu of Deposits

The Company may accept, in lieu of a deposit, a contract signed by a guarantor satisfactory to the Company, whereby payment of a specified sum not exceeding the deposit requirement is guaranteed. The term of such contract shall be for no longer than 12 months, but shall automatically terminate after the customer has closed and paid his or her account with the Company, or at the guarantor's request upon 60 days' written notice to the Company. Upon termination of a guarantee contract or whenever the Company deems same insufficient as to amount or surety, a cash deposit or a new or additional guarantee may be required for good cause upon reasonable written notice to the customer. The service of any customer who fails to comply with these requirements may be disconnected upon notice as prescribed in Section 11 of these rules. The Company shall mail the guarantor copies of all disconnect notices sent to the customer whose account he or she has guaranteed unless the guarantor waives such notice in writing.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)C. Amount of Deposit to be Required and Interest Paid

The Company shall not require deposit or guarantee of any customer or applicant for service who has established good credit.

The amount of the cash deposit or surety bond required for Residential Customers shall not exceed the amount of the charge for one month's average usage based on annual normalized consumption.

The amount of the cash deposit or surety bond required for non-residential customers shall not exceed an estimated two months' gross bill or existing two months' bill.

The customer may pay deposits in installments.

Interest shall be paid on deposits in excess of \$20. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year. Interest shall be paid from date of deposit to the date of refund or disconnection. Payment of the interest to the customer will be made at least annually or at the time the deposit is refunded. Interest payments may, at the option of the Company, be made in cash or be a credit to the customer's bill.

EXCEPTION: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)D. Deposit Records and Receipts

Company shall maintain a record of all deposits received from customers showing the name of each customer, the address of the premises for which the deposit is maintained, the date and amount of deposit, and the date and amount of interest paid.

Whenever a deposit is accepted, Company will issue to the customer a nonassignable receipt containing the following minimum information:

- (1) Name of customer.
- (2) Place of deposit.
- (3) Date of deposit.
- (4) Amount of deposit.
- (5) Company name and address, signature and title of Company employee receiving deposit.
- (6) Current annual interest rate earned on deposit.
- (7) Statement of the terms and conditions governing the use, retention and return of deposits.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)E. Deposit Transfers

Service deposits shall be non-transferable from one customer to another customer, however, upon termination of the customer's service at the service address, Company may transfer the deposit to the customer's new active account.

F. Refund of Deposit

Upon termination of service, if the deposit is not to be transferred, the customer's deposit including interest shall be credited on the final bill less any unpaid service due the Company and provided the customer has allowed the Company to remove its meter(s) and equipment in an undamaged condition. Any credit balance will be returned to the customer within 45 days.

Deposits taken from customers who make prompt payments of undisputed bills for natural gas service for a period of twelve (12) consecutive months will be refunded or credited to the customer's bill and will include interest. The rate of interest must be set annually and be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The interest rate must be rounded to the nearest tenth of one percent. By December 15 of each year, the commissioner of commerce shall announce the rate of interest that must be paid on all deposits held during all or part of the subsequent year.

G. Credit Reports

Company may not use any credit reports other than those reflecting the purchase of utility services to determine the adequacy of a customer's credit history without the permission in writing of a customer. Any credit history so used shall be mailed to the customer in order to provide the customer an opportunity to review the data.

Refusal of a customer to permit use of a credit rating or credit service other than that of the Company shall not affect the determination of the Company as to that customer's credit history.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENTA. Information on Billing Statements

The Company shall bill each customer as promptly as possible following the reading of his or her meter. The customer's portion of the bill shall show the present and last preceding meter readings, the date of the present reading, and number and kinds of units metered, the class of service, the amount due, the date when the bill is due, any late fees, fuel adjustment clause, and the amount of state and local taxes; all separately itemized. Where applicable, bills shall show the net and gross amount of the bill and the date after which the gross amount must be paid. Bills rendered at rates requiring the measurement of a number of different factors, shall show all data necessary for the customer to check the computation of the bill. Estimated bills shall be distinctly marked as such.

In addition to the display of the appropriate billing determinants as described above, the Company's billing statements to its customers will contain the following information:

1. The statement i.e.: "For assistance contact MERC: (nnn) nnn-nnnn" designating the appropriate local office where the customer may initiate any inquiry or a complaint.
2. A notice to customers of the availability upon request of the Customer Information Booklet described in Subsection 14.B. of these General Rules.

B. Billing Periods

Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly.

If the billing period is longer or shorter than the normal billing period by more than five days, the bill shall be prorated on a daily basis.

Regardless of whether a bill is based on customer reading, Company's reading or Company's estimate of consumption, Company shall have the right to discontinue service for non-payment thereof as provided elsewhere in these Rules, Regulations, Terms and Conditions with respect to delinquent bills.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)B. Billing Periods (Continued)

Upon request, the Company shall give the customer the approximate date on which he should receive his bill each month, and if a bill is not received or is lost, the Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve a customer from payment as provided for in the applicable tariff and these Rules and Regulations.

C. Billing Errors

1. Overcharges: When a customer has been overcharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be adjusted, refunded or credited to the customer. Credits shall be shown separately and identified.

When the Company has overcharged a customer, it shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, plus interest, for the period beginning three (3) years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes § 325E.02(b). If the recalculated bills indicate that more than one dollar (\$1.00) is due an existing customer or two dollars (\$2.00) is due a person no longer a customer of Company, the full amount of the calculated difference between the amount paid and the recalculated amount shall be refunded to the customer. If a refund is due a person no longer a customer of the Company, the Company shall mail to the customer's last known address either the refund or a notice that the customer has three months in which to request a refund from the utility.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than three (3) years before the discovery of an overcharge.

2. Undercharges: When a customer has been undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the undercharge may be billed to the customer.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)C. Billing Errors (Continued)2. Undercharges (Continued)

When the Company has undercharged a customer, the Company shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, for the period beginning one (1) year before the date of discovery. If the recalculated bills indicate that the amount due Company exceeds Ten Dollars (\$10.00), Company may bill the customer for the amount due. The Company shall not bill for any undercharge incurred after the date of a customer inquiry or complaint if the Company failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge. The original billing rendered because of a billing error shall be separated on the regular bill and the charges explained in detail.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than one (1) year before the discovery of an undercharge.

The Company will offer a payment agreement to residential customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the Company, except that the duration of a payment agreement offered by the Company to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household. No interest or delinquency fee may be charged as part of an undercharge agreement under this paragraph.

D. Even Payment Plan

The Company shall offer an Even Payment Plan to all General Service Customers whose accounts are paid in full and who agree to the conditions of the plan. Normally, monthly variations may result from rate increases, fluctuations in Purchased Gas Cost Adjustments, variations in usage, and weather conditions. However, the Even Payment plan is designed to minimize large changes.

Customers may enroll in the program during any month of the year.

The Even Payment Plan may be periodically reviewed by the Company and the monthly installment shall be revised if it appears that the debit or credit balance at the end of the Even Payment period will substantially exceed the estimate.

The annual recalculation month is the same month as the initial anniversary date of enrollment. If a customer's budget changes anytime, the annual recalculation month reflects one year from the change or review. The difference between the accumulated total amount of the customer's billings determined by metered usage, and the accumulated total of the amount paid shall be rolled over into the estimated billing for the upcoming year, and the new Even Pay amount will be calculated using that total.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)E. Late Payment Charge

If the payment is not received on or before the assessed date indicated on the bill, the bill shall be deemed delinquent and a Late Payment Charge will be assessed. Late Payment Charges are assessed on the delinquent amount only, in the percentage and timing indicated on each rate schedule or contract. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended through the next normal working day before the Late Payment Charge is assessed. In the case of a residential customer on either a budget billing plan or a payment schedule “delinquent amounts” means the lesser of the outstanding account balance or the outstanding scheduled payments. The utility shall credit all payments received against the oldest outstanding account balance before the application of any Late Payment Charge. Any balance in excess of \$10 will be assessed a charge.

Residential customers receiving energy assistance may request and receive a one-time waiver, within a 12-month period, of a monthly Late Payment Charge.

The Late Payment Charge will be waived in instances where a Company error is involved, where complications arise with financial institutions in processing automatic electronic payments, or where the bill is disputed.

F. Excise Taxes

When any governmental entity imposes a franchise, occupation, business, sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be surcharged on a proportionate basis to all customers receiving gas service within such governmental entity. This tax charge, in all cases, will be in addition to the regular charges for gas service.

The following franchise fees shall be applicable to bills for natural gas sales within the corporate limits of the listed cities. The Company remits 100% of the franchise fees collected to the local governmental unit.

The Company will notify the Minnesota Public Utilities Commission of any new, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, 60 days prior to its implementation. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of the fee.

The Company will include the following language on the first bill to a customer on which a new or modified fee is listed:

The MUNICIPALITY imposes a X% OF GROSS REVENUES/X% PER METER/\$ PER THERM fee on Minnesota Energy Resources Corporation collectible through a fee on Minnesota Energy Resources Corporation accounts effective MM/DD/YYYY. The line item appears on your bill as “Franchise fee-MUNICIPALITY.” Minnesota Energy Resources Corporation remits 100% of this fee to the MUNICIPALITY.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)F. Excise Taxes (Continued)**Baudette**

There shall be added to each customer's monthly natural gas bill a City of Baudette Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Baudette, which is currently a flat fee of \$2.50. The fee is listed on the bill as "Franchise fee-Baudette".

Bemidji

There shall be added to each customer's monthly natural gas bill a City of Bemidji Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Bemidji, which is currently a flat fee of \$3.50. The fee is listed on the bill as "Franchise fee-Bemidji".

Detroit Lakes

There shall be added to each customer's monthly natural gas bill a City of Detroit Lakes Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Detroit Lakes, which is currently a flat fee of \$1.00 plus a volumetric fee of \$0.003 per therm. The fee is listed on the bill as "Franchise fee-Detroit Lakes".

Elgin

There shall be added to each customer's monthly natural gas bill a City of Elgin Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Elgin, which is currently a volumetric fee of \$0.05 per therm. The fee is listed on the bill as "Franchise fee-Elgin".

Jackson

There shall be added to each customers' monthly natural gas bill a City of Jackson Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Jackson, which is currently a flat fee of \$2.00 per meter for residential customers, \$5.00 per meter for commercial customers consuming no more than 500 therms per month, \$10.00 per meter for commercial customers consuming more than 500 but no more than 1,000 therms per month, and \$15.00 per meter for industrial customers consuming more than 1,000 therms per month.. The fee is listed on the bill as "Franchise fee-Jackson".

Lakefield

There shall be added to each customer's monthly natural gas bill a City of Lakefield Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Lakefield, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchisee fee -Lakefield."

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)F. Excise Taxes (Continued)**Mantorville**

There shall be added to each customer's monthly natural gas bill a City of Mantorville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mantorville, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchisee fee – Mantorville."

Mora

There shall be added to each customer's monthly natural gas bill a City of Mora Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Mora, which is currently a flat fee of \$2.87. The fee is listed on the bill as "Franchise fee-Mora".

Nashwauk

There shall be added to each customer's monthly natural gas bill a City of Nashwauk Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Park Rapids, which is currently a volumetric fee of \$0.013 per therm, which shall be adjusted annually according to the change in the Henry Hub wellhead natural gas price. The fee is listed on the bill as "Franchise fee-Nashwauk".

Park Rapids

There shall be added to each customer's monthly natural gas bill a City of Park Rapids Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Park Rapids, which is currently a flat fee of \$2.00. The fee is listed on the bill as "Franchise fee-Park Rapids".

Plainview

There shall be added to each customer's monthly natural gas bill a City of Plainview Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Plainview, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.01 per therm for residential, firm commercial, and industrial customers and \$0.005 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Plainview".

Roseau

There shall be added to each customer's monthly natural gas bill a City of Roseau Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Roseau, which is currently a volumetric fee of \$0.01122 per therm. The fee is listed on the bill as "Franchise fee-Roseau".

St. Charles

There shall be added to each customer's monthly natural gas bill a City of St. Charles Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of St. Charles, which is currently a flat fee of \$1.00. The fee is listed on the bill as "Franchise fee-St. Charles".

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)F. Excise Taxes (Continued)**Staples**

There shall be added to each customer's monthly natural gas bill a City of Staples Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Staples, which is currently a flat fee of \$1.50 plus a volumetric fee of \$0.013 per therm, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates. The fee is listed on the bill as "Franchise fee-Staples".

Stewartville

There shall be added to each customer's monthly natural gas bill a City of Stewartville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Stewartville, which is currently a flat fee of \$0.50 for residential and commercial customers and \$0.60 for industrial customers plus a volumetric fee of \$0.005 per therm for residential customers, \$0.0015 per therm for firm commercial and industrial customers, and \$0.0008 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Stewartville".

Thief River Falls

There shall be added to each customer's monthly natural gas bill a City of Thief River Falls Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Thief River Falls, which is currently a flat fee of \$1.00 plus a volumetric fee of \$0.006 per therm. The fee is listed on the bill as "Franchise fee-Thief River Falls".

Wadena

There shall be added to each customer's monthly natural gas bill a City of Wadena Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wadena, which is currently a flat fee of \$2.00 for residential customers, \$5.00 for firm commercial customers, and \$20.00 for interruptible commercial and industrial customers. The fee is listed on the bill as "Franchise fee-Wadena".

Wells

There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of \$2.00 for residential customers, \$2.00 for commercial firm customers, \$30.00 for commercial interruptible customers, \$2.00 for industrial firm customers, \$30.00 for industrial interruptible customers, and \$2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells".

Worthington

There shall be added to each customer's monthly natural gas bill a City of Worthington Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Worthington, which is currently a flat fee of \$0.50 plus a volumetric fee of \$0.006 per therm for residential customers, \$0.003 per therm for non-residential customers. The fee is listed on the bill as "Franchise fee-Worthington".

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)G. Returned Check Fee

In the event any check, draft, or negotiable instrument submitted to the Company for payment is dishonored or returned by the financial institution on which it is drawn, the Company will assess a returned check charge of \$15.00.

H. Payment Agreement

The Company will offer a payment agreement to residential customers for the payment of arrears. Payment agreements must consider a customer's financial circumstances and any extenuating circumstances of the household. No additional service deposit may be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICEA. Disconnection of Service - Permissible Reasons

The Company may disconnect service to any customer for any reason stated below in paragraphs 1 through 14. The Company shall apply the customer's deposit plus accrued interest to any liability of the customer. Any remaining balance of the deposit plus interest which is not in liability to the Company shall be returned to the customer within forty-five (45) days of disconnection. Wherever required, notice must comply with the requirements of Section 10. Any customer whose service has been disconnected pursuant to a reason enumerated in subsection 9.A. of these rules shall be subject to a reconnection charge as set forth in Section 12.

1. Nonpayment of Bill:

With notice, Company may disconnect service for nonpayment of bill only when the amount of the deposit plus accrued interest is inadequate to satisfy the incurred obligations. All disconnections are subject to the "Cold Weather Rule" at Designation 9.D. below.

Bills for service become delinquent if not paid within twenty-five (25) days for residential customers or within seventeen (17) days of the current billing date for non-residential customers. The next billing date for residential customers may not be less than twenty-five (25) days from the current billing date. The current billing date may be no more than three working days before the date of mailing of the bill by the utility for residential and non-residential customers. The due date may be printed on the bill, which is not more than five days before the next scheduled billing date for residential customers. If bills for service become delinquent, the customer will be given sufficient written notice that his service will be discontinued and/or disconnected unless the bill is paid or other appropriate arrangements are made for payment. Service will not be discontinued and/or disconnected until at least five (5) work days have passed after the date of such notice. In the event service is discontinued because of nonpayment of bills, Company will require the payment of a reconnection charge as listed in Section 12.

Bills for service become delinquent as provided above. However, temporary extension of credit may be granted by the Company where a customer has encountered a temporary unforeseen emergency but possesses a definite financial ability to secure funds by a specific date in the near future. Such extension of credit shall be at the sole determination of the Company and subject to approval at the local manager level.

Issued By: Jim Schott
Vice President, Regulatory Services
Submittal Date:
*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)A. Disconnection of Service – Permissible Reasons (Continued)2. Failure to Meet Deposit and Credit Requirements:

With notice, Company may disconnect or refuse service for failure of the customer to meet the deposit and credit requirements contained herein at Section 7.

3. Non-Compliance with Rules and Regulations:

All service furnished to customer shall be in accordance with these General Rules, Regulations, Terms and Conditions, and in case a customer fails to conform to such Rules, the Company will, after five (5) days' sufficient notice in writing, (unless otherwise provided for herein), discontinue and/or disconnect service unless within such time conditions complained of are remedied. Such notice shall specify the cause of the default and the Company shall cooperate with the customer in suggesting the proper remedy.

4. Breach of the Contract:

With notice Company may disconnect service to a customer who is in breach of the contract for service between the Company and the customer.

5. Tampering With and Care of Company's Property:

No one except an agent of Company or one otherwise lawfully entitled to do so shall be permitted to remove or tamper with Company's meter or connections, or with any of the property of the Company on or about the customer's premises. If at any time the Company shall find that a meter, piping, or equipment, or parts thereof, or other instruments used in furnishing service to the customer have been tampered with by anyone except an agent of Company or one otherwise lawfully entitled to do so, it shall be considered sufficient cause for immediate discontinuance of service by Company.

6. Dangerous Conditions Found on Customer's Premises:

In any case where Company has received notice or knows that a dangerous condition exists with respect to the presence or delivery of natural gas on customer's premises, Company will, without advance notice, refuse to connect if service

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Submittal Date:

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Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)A. Disconnection of Service - Permissible Reasons (Continued)6. Dangerous Conditions Found on Customer's Premises (Continued)

has not already been connected or shut off the service, and service shall not be resumed until such dangerous condition shall have been eliminated.

7. Failure to Provide Access:

With notice for failure of the customer to provide the Company reasonable access to its equipment as provided in Subsection 2.E.3.

8. Failure to Furnish Service, Equipment and/or Right-of-Way:

With notice for failure of a customer to furnish such service, equipment and/or rights-of-way necessary to serve said customer as shall have been specified by the Company as a condition of obtaining service. Such disconnection shall remain until the defective condition is cured or within a reasonable time for compliance.

9. Customer Request for Discontinuance of Service:(a) Permanent Disconnection:

Except where otherwise specified in the contract, customer may discontinue his service upon giving two (2) days written notice to the Company, at its office, of his intention to do so. Customer shall be liable for all service supplied to the premises for which customer has made application for service until the date specified in customer's notice of intention of discontinuing service, provided such date does not give Company less notice than specified above. Where two (2) days notice is required, Sundays and legal holidays shall not be included in such period. When a change in occupancy takes place on any premises, which is served by the Company, notice shall be given at the office of the Company two (2) days prior to the date of such change. In case no such notice is given to the Company, the outgoing occupant shall be responsible for all service supplied until such notice is given to the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)A. Disconnection of Service - Permissible Reasons (Continued)9. Customer Request for Discontinuance of Service (Continued)(b) Temporary Disconnection:

Company may temporarily disconnect service upon written request by the customer, providing the Company is not entitled to otherwise disconnect service. Temporary disconnection of service for this reason does not require a refund or forfeiture of deposit nor an interruption of interest. A reconnect fee of \$30 during normal business hours or a premium charge outside normal business hours consistent with current overtime rates, with a maximum reconnect fee of \$45, to re-initiate service shall be charged in addition to the monthly service charge for the period of disconnection.

10. Disconnection Without Notice:

Without notice a utility may disconnect service to any customer for any reason stated below:

- A. in the event of an unauthorized use of or tampering with the utility's equipment; or
- B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, or to the public.

11. Reselling or Redistribution of Service:

The service furnished is for the sole use of the customer who shall not sell any of such service to any other person or permit any other person to use the same without written consent of the Company. For the violation of this condition, the Company may, after forty-eight hours written notice, remove its meters and discontinue its service.

12. Fraudulent Use of Service:

In case gas is used fraudulently in any manner on the premises occupied by customer with or without customer's knowledge, the service will be shut off without any advance notice and service shall then not be resumed until customer shall have given satisfactory assurance that such

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Submittal Date:

*Effective with bills issued on and after this date.

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Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)A. Disconnection of Service - Permissible Reasons (Continued)12. Fraudulent Use of Service (Continued)

fraudulent use of gas will be discontinued and shall have paid to Company such an amount estimated by Company to be a reasonable payment for gas fraudulently used and not paid for.

13. Disregard of Curtailment Orders:

Willful or continued failure of an interruptible customer to comply with curtailment orders issued by Company shall be sufficient cause for discontinuance of such service by Company even though customer pays the penalty specified in the rate schedule. If service is discontinued, a reconnection charge, in addition to the overrun deterrent and liquidating damages charge set out herein and normal rate for gas consumed, will be required to be paid before service is restored.

14. Compliance with Request from Governmental Authority Having Jurisdiction:

With notice, when necessary for Company to comply with any Order or request of any governmental authority having jurisdiction.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

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Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)B. Non-Permissible Reasons to Disconnect Service:1. Delinquency by Previous Occupant:

Delinquency in payment for services rendered to previous customer who occupied the premises unless said customer continues to occupy the premises.

2. Failure to Pay for Merchandise, etc:

Failure to pay for merchandise, appliances or services not approved by the Commission as an integral part of the Company services.

3. Failure to Pay - Different Class of Service:

Failure to pay for a different class of service.

4. Failure to Pay - Another Meter:

Failure to pay for a bill based on concurrent charges from another meter.

5. Failure to Pay - Previous Underbilling Due to Inaccurate Meter or Billing Error:

Failure to pay for a bill to correct previous underbilling due to an inaccurate meter or billing error, if the customer agrees to payment over a reasonable period of time.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

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Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)C. Landlord - Tenant Rule:

In situations where the service is rendered at an address different from the mailing address of the bill, or where the Company has reason to know that a landlord-tenant relationship exists and that the landlord is the customer of the Company; and where the landlord as customer would otherwise be subject to disconnection of service; the Company may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the Company, after providing notice as required in these Rules, shall offer the occupant the opportunity to subscribe for service in her or his own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the Rules.
2. Company shall not attempt to recover from a tenant, or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

D. Disconnection During Cold Weather:

1. Scope: This section applies only to the Company's residential customers.
2. Definitions: The following definitions apply in this section.

"Cold weather period" means the period from October 15 through April 15 of the following year.

"Customer" means a residential customer of the Company.

"Disconnection" means the involuntary loss of utility heating service as a result of a physical act by the Company to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

"Household income" means the combined income, as defined in Minn. Stat. § 290A.03, subd. 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

"Reasonably timely payment" means payment within five working days of agreed-upon due dates.

"Reconnection" means the restoration of utility heating service after it has been disconnected.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)D. Disconnection During Cold Weather (Continued)2. Definitions (Continued)

“Summary of rights and responsibilities” means a notice approved by the Minnesota Public Utilities Commission that contains, at a minimum, the following:

- (a) an explanation of the provisions of Section VIII.9.D.5 and Minn. Stat. § 216B.096, subd. 5;
- (b) an explanation of no-cost and low-cost methods to reduce the consumption of energy;
- (c) a third-party notice;
- (d) ways to avoid disconnection;
- (e) information regarding payment agreements;
- (f) an explanation of the customer’s right to appeal a determination of income by the Company and the right to appeal if the Company and the customer cannot arrive at a mutually acceptable payment agreement; and
- (g) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the Company.

“Third-party notice” means a notice approved by the Minnesota Public Utilities Commission containing, at a minimum, the following information:

- (a) a statement that the Company will send a copy of any future notice of proposed disconnection of Company service to a third party designated by the residential customer;
- (b) instructions on how to request this service; and
- (c) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the Company with the party’s name.

“Company” means MERC.

“Utility heating service” means natural gas used as a primary heating source for the customer’s primary residence.

“Working days” means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)D. Disconnection During Cold Weather (Continued)3. Company Obligations Before Cold Weather Period

Each year, between September 1 and October 15, the Company must provide all customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

4. Notice Before Disconnection During Cold Weather Period

Before disconnecting utility heating service during the cold weather period, the Company must provide, personally or by first class mail, a Minnesota Public Utilities Commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

5. Cold Weather Rule

During the cold weather period, the Company may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the Company.

The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

6. Verification of Income

In verifying a customer's household income, the Company may:

(a) accept the signed statement of a customer that the customer is income eligible;

(b) obtain income verification from a local energy assistance provider or a government agency;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)D. Disconnection During Cold Weather (Continued)6. Verification of Income (Continued)

(c) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(v) other documentation that supports the customer's declaration of income eligibility.

A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

7. Prohibitions and requirements

This section applies during the cold weather period.

The Company may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the Minnesota Public Utilities Commission under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8.

A utility may not disconnect service during the following periods:

(a) during the pendency of any appeal under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8;

(b) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to a customer in an occupied dwelling;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)D. Disconnection During Cold Weather (Continued)7. Prohibitions and Requirements (Continued)

(c) earlier than ten working days after the Company has deposited in first class mail the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to the recorded billing address of the customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(d) on a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(e) on a Saturday, Sunday, holiday, or the day before a holiday;

(f) when the Company offices are closed;

(g) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(h) when the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during nonbusiness hours. If personal contact is made, the Company representative must provide notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

The Company must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the Minnesota Public Utilities Commission because the customer and the utility are unable to agree on a payment agreement.

8. Disputes; Customer Appeals

The Company must provide the customer and any designated third party with a Minnesota Public Utilities Commission-approved written notice of the right to appeal:

(a) a Company determination that the customer's household income is more than 50 percent of state median household income; or

(b) when the Company and customer are unable to agree on the establishment or modification of a payment agreement.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)D. Disconnection During Cold Weather (Continued)8. Disputes; Customer Appeals (Continued)

A customer's appeal must be filed with the Minnesota Public Utilities Commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.

Notwithstanding any other law, following an appeals decision adverse to the customer, the Company may not disconnect utility heating service for seven working days after the Company has personally served a disconnection notice, or for ten working days after the Company has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

9. Customers Above 50 Percent of State Median Income

During the cold weather period, a customer whose household income is above 50 percent of state median income:

(a) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(b) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by the Company.

The second sentence in Section VIII.9.D.7 does not apply to customers whose household income is above 50 percent of state median income.

10. Reporting

Annually on November 1, the Company must electronically file with the Minnesota Public Utilities Commission a report, in a format specified by the Minnesota Public Utilities Commission, specifying the number of the Company's heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, the Company must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of the Company's heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of the Company's heating service customers that are reconnected to service each week. The Company may discontinue weekly reporting if the number of the Company's heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

10. Reporting (Continued)

The data reported under this section and Minn. Stat. § 216B.096, subd. 10 are presumed to be accurate upon submission and must be made available through the Minnesota Public Utilities Commission's electronic filing system.

E. Notice to Cities of Utility Disconnection

Notwithstanding Minn. Stat. § 13.685 or any other law or administrative rule to the contrary, upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, the Company will make a report available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, the Company will make daily reports available of the address and date of any newly disconnected properties.

For the purpose of this section, "disconnection" means a cessation of services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.

F. Medical Emergencies

The Company shall reconnect or continue service to a customer's residence where a medical emergency exists, provided that the Company receives: (1) written certification, or initial certification by telephone and written certification within five business days, from a medical doctor that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household; and (2) the customer's consent to a payment arrangement for the amount in arrears.

10. NOTICES: OTHER TIME REQUIREMENTS

- A. Where required, all notices required by these Rules of impending action by the Company shall be by First Class Mail. Notice shall be sent to the address where service is rendered and to the address where the bill is sent if different from the address where service is rendered. A Company representative will make an affidavit under oath that he deposited in the mail the notice properly addressed to the customer.
- B. All notices required by these Rules must precede the action to be taken by at least five (5) days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs, presently exists.
- C. In lieu of mailing, notices may be delivered by a representative of the Company. They must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer's family of a responsible age or affirmed in writing by the representative of the Company that delivery was attempted in good faith.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

10. NOTICES: OTHER TIME REQUIREMENTS (Continued)

- D. A record of all notices required by these Rules must be kept on file by the Company and must be available to the Commission.
- E. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal easy-to-understand language.

11. MANNER OF DISCONNECTION WHERE NOTICE IS REQUIRED

- A. Service may be disconnected only in conjunction with a personal visit by a Company representative to the address where the service is rendered and an attempt to make personal contact with the customer at the address. If the address is a building containing two or more dwelling units, the representative shall make a personal visit to the door of the customer's dwelling unit within the building. If security provisions in the building preclude free access on the part of the representative, the representative shall attempt to gain access to the building from the caretaker, for the purpose of attempting to make personal contact with the customer.
- B. The representative of the Company shall, at all times, be capable of receiving payment other than cash, if nonpayment is the cause of the disconnection of service. If the disconnection or suspension be for cause other than nonpayment, the representative shall be able to certify that the cause has been remedied by the customer.

12. RECONNECTION FEE

In the event service has been disconnected because customer could not pay the bill or meet deposit or credit requirements, the customer shall pay a reconnect fee of thirty (\$30.00) dollars in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. Reconnection outside of normal business hours shall be calculated at a premium charge, consistent with current overtime rates, with a maximum reconnect fee of \$45.

EXCEPTION: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.3, 7, 8, 9, or 14, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$30.00 in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.4, 5, 10, 11, 12, or 13, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of \$100.00, plus the costs of disconnection and reconnection incurred by the Company, in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored.

The customer will not be required to pay a reconnection fee when the disconnection was because of a condition determined to be hazardous to the customer, other customers of the Company, to the Company's equipment, or to the public.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES

Whenever the customer advises the Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the services is in dispute, the Company shall:

- A. Investigate the dispute promptly.
- B. Advise customer of investigation and its result.
- C. Attempt to resolve dispute.
- D. Withhold discontinuation of service until the investigation is completed and the customer is informed of the findings in writing.
- E. Upon the findings of the Company, the customer must submit payment in full of any bill which is due.
- F. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to the Company. Such payment shall be called an "escrow payment".
- G. Escrow Payments:
 1. To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an "escrow payment form", clearly marked and provided by the Company.
 2. The "escrow payment form" must provide space for the customer to explain why the Company's resolution of the dispute is unsatisfactory to the customer. The form must be in three (3) copies, one of which will be retained by the customer.
 3. A copy of the "escrow payment form" must be forwarded by the customer to the Public Utilities Commission.
 4. Any escrow payment to the Company may be applied by the Company as any normal payment received by the Company.
 5. After escrow payment has been made, the customer and the Company may still resolve the dispute to their mutual satisfaction.
 6. By submitting the "escrow payment form" to the Commission, a customer is deemed to have filed an informal complaint against Company pursuant to the Commission's Rules.
 7. Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by an 8 percent per annum interest charge from the date of payment to the date returned by the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES (Continued)

- H. The customer may apply to the Company to waive its right to disconnect. If the Company refuses to waive its right to disconnect, the customer may apply to the Commission for emergency status. If the Commission determines the customer has a probable claim in the dispute and that hardship may result in the event of discontinuation of service, it may declare an emergency status to exist and order the Company to continue service for a period not to exceed thirty (30) days.
- I. Notwithstanding any other Rule herein to the contrary, Company shall not be obligated to suspend discontinuance of service upon the filing for review with the Commission, unless the customer shall pay, when due, all current bills due while the review is pending. If, following the first filing for review, the Commission, the same customer or any other person, files for any subsequent review by the Commission pertaining to the same account, such subsequent filings shall not relieve customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing, shall be considered to be made into escrow.

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLICA. Customer Complaint Procedure:

Company shall attempt to resolve all customer inquiries, requests and complaints during regular business hours.

If any complaint cannot be promptly resolved, the Company shall contact the customer within five (5) business days and at least once every fourteen (14) calendar days thereafter, and advise the customer regarding the status of the investigation until:

1. The complaint is mutually resolved; or
2. Company advises customer of the results of its investigation and final disposition of the matter; or
3. Customer files a written complaint with the Public Utilities Commission or the courts.

When the Minnesota Public Utilities Commission forwards a customer complaint to the Company, the Company shall notify the Commission within ten (10) business days regarding the status or disposition of the complaint.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC
(Continued)B. Customer Information - Assistance of Company Agent:

The Company will offer to each new customer and make available to existing customers a Consumer Information Booklet which will provide a summary of the rules and regulations under which Company provides service and which will comply with the requirements of Minn. R. 7820.0200.

A complete set of these Rules and Regulations, as well as the Rate Schedules relating to the town border service of the Company are set forth in Company's Tariff. A copy of Company's Tariff as filed with and approved by the Minnesota Public Utilities Commission is available for inspection at the various offices of the Company where applications for service are received.

A customer will have access to its own billing, complaint, payment and deposit records and the Company will furnish additional information as the customer or applicant may reasonably request.

Upon request, the Company's agent in charge will assist any interested party in procuring information with reference thereto as may be desired. Where the Company's rate schedules provide optional rates for the same character of service, the customer shall select the rate schedule under which he elects to be billed and agrees to take service there under for a period of not less than one year. The Company will assist any customer or prospective customer to apply the Company's rate schedule, General Rules, Regulations, Terms and Conditions, and where optional schedules are available will advise such customer or prospective customer upon request as to the schedule appearing, upon information then available, to be most advantageous to the customer for the character of service to be taken.

C. Compliance with Rate Schedules:

In order to secure the benefit of any rate schedule, customer must use service for the purposes and in accordance with conditions specified in the schedule for such rate. A customer using service for purposes not permitted in rate schedule specified in service application shall be required to execute a new service application referring to the proper rate schedule. Company reserves the right to rebill for service rendered under the rate schedule applicable thereto for the period during which such service was in effect.

D. Oral Agreements:

Agents of the Company are not authorized to bind the Company except by a duly executed written instrument.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC
(Continued)E. Customer Service Practice:

The Company makes every possible effort to maintain its natural gas delivery system in good operating condition and adheres to published codes that customer appliances are manufactured under approved safety standards for safe, reliable operations at all times. A staff of qualified service personnel is maintained by the Company to perform those services necessary to enforce this policy. The service department operates on a five-day week, Monday through Friday, normal business hours except holidays. Emergency service is available on a 24-hour per day basis at all other times. Services consist of two groups; work for which no charge is made to the customer, and work for which costs are charged to the customer on a time and material basis, as follows:

1. Services on Customer Premises at no Charge – With the exception of those services performed to reconnect customers who have been disconnected for non-payment of utility bills, no charge is made for the following:
 - a) Turning on the natural gas supply for customers moving to premises served with gas.
 - b) Turning off the natural gas supply for customers moving from premises served with gas.
 - c) Repairing or replacing Company-owned equipment on customers' premises, including the meter, house regulator or piping associated thereto.
 - d) Inspecting and investigating potentially hazardous gas supply conditions on customers' premises.
2. Chargeable Services on Customer Premises – All other services on the customer's premises are chargeable to the customer. This includes such items as lighting pilots; adjusting appliances; changes, modifications and repair of house piping and service lines; repair or replacement of controls and other appliance parts; and cleaning and inspecting customer owned gas burning devices for malfunctions.

F. Account History Charge

If an authorized party requests the Company to provide 12 months or more of usage history for a non-Residential customer, the Company shall charge the authorized requesting party a fee of \$30 per account for providing the information.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

15. INFORMATION FROM CUSTOMERS

A. Defective Equipment:

In case gas is found by customer to be escaping from any pipes or equipment in or about the customer's premises, the customer shall notify the Company immediately. Defective appliances shall be disconnected at once and properly repaired before using again. In case of interruption of service, customer shall notify the Company immediately.

B. Gas Load Analysis Data:

Each customer, upon request, shall furnish Company such reasonable data, as, in Company's judgment, is necessary for the proper analysis of the gas load requirements of the customer.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICYA. Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to customers. The following priorities will be followed when operational and supply conditions require service interruptions with highest priorities listed first:

1. General Service Customers.
2. Small Volume Firm.
3. Large Volume Firm.
4. Small Volume Interruptible.
5. Large Volume Interruptible.

B. Curtailment of Service to Interruptible Customers

1. Standard Order of Curtailment: When in the opinion of the Company it becomes necessary to curtail or interrupt service to any of the Company's Interruptible Customers, such service shall be interrupted in the following order to protect deliveries to General Service Customers:

First: Large Volume Interruptible Customers.

Second: Small Volume Interruptible Customers.

Company must comply with curtailment plans, orders, definitions and classifications as set out in Federal Energy Regulatory Commission Gas tariffs of wholesale pipeline suppliers and in the rules and orders of regulatory or governmental bodies having jurisdiction.

2. Partial Curtailment: Where curtailment of only part of the deliveries of gas under similar interruptible classification is necessary, all customers under such classification will over a reasonable period of time, be treated alike so far as practicable.
3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: In the event an interruptible customer takes any volume of gas in excess of authorized limitations ordered by the Company, the customer shall be billed an overrun deterrent and liquidated damages charge. Such charge shall be that amount set out in the rate schedule or contract and will be in addition to the normal rate for volumes consumed. The only exceptions shall be when the volumes were taken because of a force majeure operating situation of the customer as defined in his contract or rate schedule.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY (Continued)B. Curtailment of Service to Interruptible Customers (Continued)3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: (Continued)

The customer, in addition to taking all possible steps to stop such unauthorized takes of gas shall notify Company at once by phone or wire whenever a force majeure situation arises as a result of which the customer proposes to request waiver of the unauthorized overrun deterrent and liquidated damages charges, and shall furnish proof in writing satisfactory to Company, that such unauthorized gas volume takes were the direct result of such force majeure situation.

C. Emergency Repairs

The Company reserves the right to shut off gas at any time when such action is necessary for the purpose of making repairs or in case of any emergency. In such case, Company shall make every reasonable effort to restore service at the earliest practical moment. Any interruption of service will not relieve customer from any charges for service which has actually been rendered.

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

17. TITLE

The Company warrants the title to the natural gas delivered and that it has good right and lawful authority to sell the same.

18. LIABILITY OF PARTIES

Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company and the customer each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party. Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company will use reasonable care to provide an uninterrupted and regular supply of service, and the Company shall not be liable for any losses, injuries or damages resulting from any interruption, disturbance, deficiency or imperfection of service unless and to the extent they are due to wilful misconduct or gross negligence on its part. In no event shall the Company be liable for any loss of profits or other consequential damages resulting from the use of service or from an interruption, disturbance, deficiency or imperfection of service.

The Company shall not be liable to the customer for its failure to deliver gas and the customer shall not be liable to the Company for its failure to receive gas when such failure on the part of either shall be due to accident to or breakage of pipelines, machinery or equipment, fires, floods, storms, weather conditions, strikes, riots, legal interferences, act of God or public enemy, shutdowns for necessary repairs and maintenance, failure or curtailment of gas supply or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that if the customer fails to take and receive gas made available for delivery by Company, customer shall nonetheless be charged the minimum bill as provided for and defined in the Commission approved rate schedule under which customer is served. The Company shall not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through the Company's meter herein defined as "point of delivery," nor for defects in the customer's piping or appliances. Neither shall the Company be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source, curtailments or reallocations by regulatory authorities with jurisdiction, or the inability to maintain capacity to meet gas requirements hereunder at the time.

It is the customer's responsibility to provide and maintain in good working order all pipes and valves to take the gas from the said meter, and all equipment used in the burning of the said gas, and shall also provide and maintain in good working order all vents necessary to efficiently take all gas fumes (including unburned gas, if any) to the outside air.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

19. GOVERNMENTAL ACTION AND AUTHORITY:A. Regulatory Action

The purchase and sale of gas by the Company is subject to all valid legislation with respect thereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. The Company reserves the right to make and to file with any and all duly constituted authorities having jurisdiction, changes in terms and conditions of service or new terms and conditions including, but not limited to, changes in rates or new rates.

The Company shall permit the staff of duly constituted authorities having jurisdiction to inspect during regular business hours, all of the Company's operations and records relating to customer service in Minnesota.

B. War and National Defense

During any period in which a state of war exists between the United States and any foreign power, both customer and the Company shall recognize that the national defense is paramount to any contractual obligations then existing between them and notwithstanding the provisions of any such contract, neither shall assert, nor be required to assume, any obligation which is inconsistent with or contrary to any governmental policy, rule, regulation or order made, issued or promulgated in the promotion thereof.

20. ALTERATIONS OF RULES AND REGULATIONS

No agent or employee has the right to modify or alter the application, rates, terms and conditions of these rules and regulations or the tariff of which they comprise a part or to make any promises or representations not contained herein or in supplements and revisions hereto, except by following the regular procedures for tariff changes as specified by the Minnesota Department of Commerce.

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EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINESA. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Designation 9.A.3 of these Rules and Regulations.
 - (a) New residential service except as exempted in A.2 below.
 - (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.
 - (c) Commercial service, new and expanded requirements except as exempted in A.2 below.
 - (d) Industrial service - new and expanded requirements.
2. Applications for natural gas service are not required for:
 - (a) Additions to base load appliances for clothes drying, water heating and cooking.
 - (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.
3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.
4. All applications will be reviewed by Company's management and shall be processed in the following manner:
 - (a) Approved.
 - (b) Denied.
 - (c) Retained for future use, subject to cancellation by applicant.
5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions.

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EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)B. Applications Which Will be Considered for Attachment1. New Service:

(a) Residential Customers Based on the Following Conditions:

(i) Natural gas will be used for approved residential purposes in a single family and/or multifamily dwelling when individually metered, or master metered dwelling units where either a) or b) below prevent individual metering of service.

a) Gas is used in centralized heating, cooling, water heating or ventilation units.

b) Where individual metering is impractical, unreasonable, or uneconomical.

(ii) If an alternate form of energy other than solar is used for heating, it must provide 100% of peak day heating requirements.

(iii) Application approvals will be based on the date of pending applications, providing the above conditions are met and appropriate certifications are provided by owner.

(b) Firm Commercial and Industrial Service Based on the Following Conditions:

(i) Natural gas will be used for approved commercial and industrial purposes. This excludes gas used for irrigation, alfalfa dehydration and grain drying.

(ii) Customer's total requirement must be less than 200 dekatherms on a peak day.

(iii) If an alternate form of energy other than solar is used, it must provide 100% of peak day heating requirement.

(iv) Customer must comply with heat loss or insulation standards established by Federal or State mandate or as Company may establish in its tariff.

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EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)B. Applications Which Will Be Considered for Attachment (Continued)1. New Service: (Continued)

(c) Interruptible Service Based on the Following Conditions:

- (i) Company determines that the anticipated revenue from the new load is sufficient to prevent undue burden on existing ratepayers and conditions justify such service.
- (ii) Load to be connected must not be prohibited by the connection policy of the pipeline supplier or be in violation of any end use standards promulgated by State or Federal agencies.
- (iii) Applicants for service must agree to comply with all provisions of the service line extension policy described in Section IX.2 of this tariff.

(d) Rural and Agricultural service to Right-of-Way Grantors in accordance with easement agreements executed with the supplier under the following conditions:

- (i) Applications for service must refer to and be based upon an easement clause which grants a right to a tap on the pipeline constructed pursuant to the easement.
- (ii) Applicant must be the Grantor of the easement, or his successor or assignee.
- (iii) The pipeline tap must be on a part of the property described in the easement.
- (iv) The right to the tap set forth in the easement may not have been previously exercised.
- (v) The volume of gas to be delivered through the tap may not exceed the smaller of the capacity of the initially installed small volume meter or the limits established by the wholesale supplier for small volume users.
- (vi) Supplier must obtain requisite regulatory authority to make the sale.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(vii) Gas delivered through the tap will not be resold to others by the Applicant or any of his successors.

(viii) Gas delivered will not be used for such commercial services as grain drying.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICESA. Residential Stand-Alone Service Extensions

For residential services added in an existing service area where no main extension is required and no prior feasibility study included the proposed service line, Company will, without requiring a contribution in aid of construction, provide 75 feet of service line to a permanent structure using gas for primary space heating, as measured from the customer's property line and subject to Company operating standards. Service line extensions beyond 75 feet will require a contribution in aid of construction, which shall be determined based on the incremental cost of the additional footage, not to exceed \$5.00 per foot.

For residential service extensions to a structure that does not use gas for primary space heating, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)B. Service Extensions

For residential customers where both a main and service extension is required and for all extensions to serve commercial and industrial customers, regardless of whether a main extension is involved, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction. At its option, the Company may recover the amount of the contribution in aid of construction from the developer or directly from the customer. When longer than typical service lines are omitted from the feasibility study for a particular development, the Company shall determine the contribution in aid of construction for the individual, longer service lines based on the incremental cost of the additional footage in excess of the typical footage used in the study for that development and shall recover the contribution in aid of construction from the individual customer served by the longer service line.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

- (a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and
- (b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

C. Feasibility of Mains and Services

In determining whether the expenditure is economically feasible, the Company shall take into consideration the total cost of serving the applicant including, but not limited to, the total investment, including mains and service related investment, the annual volume of gas to be sold, operating and maintaining expenses, margin, the acceptable level of return on the required investment, and potential for additional sales through the new facility. The specific uniform factors used by the Company in conducting its feasibility analysis along with a description of the current feasibility model are contained as an exhibit to the General Rules, Regulations, Terms and Conditions portion of this tariff. The Company will not use other uniform factors or change the feasibility model without filing an amended exhibit. Company will apply the general principal that the rendering of service to the applicant shall not result in undue burden on the other customer. If a contribution in aid of construction is required, it will be based on the results of the feasibility model.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)D. Winter Construction Charge

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by November 31 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, the anticipated winter construction charges will be included in determining the feasibility and any necessary contribution in aid of construction. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes.

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Included within the base winter construction charge and the frost charge are the use of any thawing devices or other equipment required to install as needed.

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s). Current winter construction charges are as follows:

- Winter Construction Charge: \$5.28 (7 County Metro), \$4.76 (out-state) per lineal foot;
- Frost Charge: \$5.81 (7 County Metro), \$5.55 (out-state) per lineal foot.

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a one time charge of \$264.03 regardless of the number of thawing devices required.

E. Extension of Mains - Limitations

The Company reserves the right to refuse to install its facilities in or to any lot, tract or area if in the Company's judgment it is not economically feasible per the tariffed feasibility models, is not safe for the Company's personnel, the customer, or the general public, or the lot, tract, or area is located remotely from the Company's other general service areas such that effective service, operations, or emergency response capabilities are impacted.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)F. Title To Facilities

Title to all facilities herein provided for, together with all necessary right-of-way, permits and easements shall be and remain in the Company. As a condition of receiving service, the customer shall grant to the Company, without cost, all rights-of-way, easements, permits and privileges which are necessary for the rendering of gas service.

G. Exhibits

Exhibit For Main and Service Extension Feasibility Model

The Company has developed the following feasibility model to be used to determine if a contribution in aid of construction is required by the customer. Economic feasibility is determined by a combination of 10-year Net Present Value (NPV) and 5-year Return On Equity (ROE) calculations.

The following provides a sample of the model the Company will use in conducting its feasibility study, when one is required pursuant to Section IX.2 of its tariff, including a description of the project-specific inputs required, the current applicable rates used in the calculations and the outputs generated. A copy of the feasibility study actually conducted for a project will be retained by the Company in the corresponding job file.

Input Screen:

Line 3: Project Name: Enter the project name.

Line 8: Projected Number of Incremental Residential Customers – Enter the incremental number of residential customers projected for each year of the project. (To be determined by Sales or Operations personnel based on past experience with developer, geographic location, economy, etc.).

Line 9: Total Residential Customers Per Project – Calculated by model.

Line 10: Per Average Residential Customer Dekatherm Usage – Enter the average annual usage per residential customer. (To be determined annually based on recent history of weather normalized consumption data).

Line 11: Margin Per Dekatherm – Current distribution charge for residential customers as specified by tariff.

Line 12: Monthly Residential Customer Charge – Current monthly customer charge for residential customers as specified by tariff.

Line 15: Enter YES if model is being used to analyze a single Commercial/Industrial customer with escalating usage over time.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)

Line 16: Projected Number of Incremental Commercial/Industrial Customers – Enter the incremental number of Commercial/Industrial customers projected for each year of the project. (To be determined by Sales or Operations personnel based on input from prospective customer(s), geographic location, economy, etc.).

Line 17: Total Commercial/Industrial Customers Per Project – Calculated by model.

Line 18: Per Average Commercial/Industrial Customer Dekatherm Usage – Enter the average annual usage per Commercial/Industrial customer.

Line 19: Margin Per Dekatherm – Current distribution charge for Commercial/Industrial customers as specified by tariff.

Line 20: Monthly Commercial/Industrial Customer Charge – Current monthly customer charge for Commercial/Industrial customers as specified by tariff.

Line 24: From Customer Estimate Form: Capital investment carried forward from electronic Customer Estimate Form if used.

Line 26: Infrastructure Cost – Mains – Enter the estimated infrastructure costs for mains. (As calculated by Operations/Engineering personnel).

Line 27: Cost Per Residential Customer – Services – Enter the estimated average cost per residential service associated with the project. (As calculated by Operations/Engineering personnel based on historic information and/or information provided by developer).

Line 28: Cost Per Commercial/Industrial Service – Services - Enter the estimated average cost per Commercial/Industrial service associated with the project. (As calculated by Operations/Engineering personnel based on historic information).

Line 29: Customer Contribution (if required) – Customer contribution required, calculated by the model on Line 69.

Line 33: Cost Per Residential Customer – Other – Enter any extraordinary costs associated with residential customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)

Line 34: Cost Per Commercial/Industrial Service – Other - Enter any extraordinary costs associated with Commercial/Industrial customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Line 36: Customer Acquisition Costs – Direct “Fixed” - Enter any extraordinary costs associated with the project that are non-customer specific. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Output Screen:

The Output Screen contains calculations from the Input Screen and Support Screen.

Line 45: Projected Margins From Residential Customers: (margin/dekatherms x accumulated residential usage volume) + (monthly customer charge x accumulated number of residential customers x 12 months).

Line 46: Projected Margins From Commercial/Industrial Customers: (margin/dekatherms x accumulated Commercial/Industrial usage volume) + (monthly customer charge x accumulated number of Commercial/Industrial customers x 12 months).

Line 47: Total Margins From Project: Projected Margins From Residential Customers + Projected Margins From Commercial/Industrial Customers.

Line 51: Total Incremental Investment By Year: Estimated main cost, Line 26 + (projected number of residential customers, Line 8 x estimated cost per residential service, Line 27) + (projected number of Commercial/Industrial services, Line 16 x estimated cost per Commercial/Industrial service, Line 28) + customer contribution, Line 69.

Line 52: Total Net Project Investment: Sum of all annual incremental investments.

Line 54: Total Other Costs Incurred (Variable & Fixed): Customer acquisition costs, Line 36 (direct fixed) + Line 33 (variable residential customer) + Line 34 (variable Commercial/Industrial customer).

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EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)

Line 59: Net Present Value (NPV) @ 10 Years with Residual: Must be > 0 to be acceptable. The NPV is the derivation of the net cash flows from Line 103 for the first ten years of the project discounted by the rate found on Line 79 (8.15%).

Line 60: Net Present Value @ 10 Years without Residual: Net present value @ 10 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 61: Net Present Value @ 20 Years without Residual: Net present value @ 20 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 63: Average R.O.E. @ 5 years: Average return on equity at 5 years. Must be greater than 11.5% to be acceptable. The numerator (Net Income) per Line 116 is the simple sum of the net income from the first five years of the project divided into the denominator (Average Common Equity) per Line 110 which is the simple sum of the average common equity for the first five years of the project.

Line 64: Average R.O.E. @ 10 years: Average return on equity at 10 years.

Line 67: This is the estimated Customer Contribution (calculated by the model) to close the gap between the calculated ROE for the project and the targeted ROE (11.5%) per Line 63. The formula for the estimated contribution is $(E110) * (.115 - H63) / E84$ less $((\$N\$79 * ((\$E\$82 + \$E\$83 + \$E\$86) / (1 + \$E\$81))) / \$E\$84)$. This required contribution is calculated using the Goal Seek function (See Line 69). The required inputs are: Row 1) Set Cell input H67; Row 2) To Value, input "0"; and Row 3) by Changing Cell, input H69.

Line 69: Amount of Required Customer Contribution by Year Transferred to Input Screen (Line 29). Using a Microsoft/Excel software function (Goal Seek) the optimization of the project required contribution is calculated, that is the exact dollar amount, no more no less, to drive the project to the targeted ROE (11.5%) per Line 63. Typically the Customer Contribution will be collected in Year 1.

Line 73: Project Margins Allocated – Percentage of margins applied to incremental O&M and system/infrastructure costs (33%).

Line 74: Contract Length: Number of years used for calculations (30 years for residential).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)Support Screen:

Line 79: Targeted Discount Rate: Current value = 8.15%. $((50\% \times 11.5\%) + ((50\% \times 8\%) \times (1 - \text{tax rate}))) = 8.15\%$.

Line 80: Effective Income Tax Rate: Current value = 40.00%.

Line 81: Statutory Income Tax Rate: Current value = 40.00%.

Line 82: Selected Depreciation Rate: 3.33% (30 year estimated life, unless contract length specified).

Line 83: Property Tax/Insurance Rate: Current value = 2.00%.

Line 84: Equity as a Percent of Capital: Current value = 50%.

Line 85: Long Term Debt as a Percent of Capital: Current value = 50%.

Line 86: Weighted Cost of Long Term Debt @ 8%: Current value = 4.00%.

Line 87: Cash Carrying Charge (Property Tax - Income Tax - (Depreciation x Income Tax)) = 0.133%.

Line 89: Accumulated Number of Residential Customers: Brought forward from Input Page, Line 8, and accumulated at year-end for each year of the first ten years of the project.

Line 90: Accumulated Residential Usage Volumes: The average use per residential customer is brought forward from Input Page, Line 10, multiplied by the Accumulated Number of Residential Customers per Line 89 to calculate the accumulated usage for each year of the first ten years of the project.

Line 92: Accumulated Number of Commercial/Industrial Customers: Brought forward from Input Page Line 16, and accumulated at year-end of each year of the first ten years of the project.

Line 93: Accumulated Commercial/Industrial Usage Volumes: The average use per customer is brought forward from Input Page, Line 18, multiplied by the Accumulated Number of Commercial Customers per Line 92 to calculate the accumulated usage for each year of the first ten years of the project.

Issued By: Jim Schott
Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)

Line 96: "Cash Flow" is a description line (No input).

Line 97: Contribution to System Customers: A rate of 33% per Line 73 x Projected Margins per Line 47.

Line 98: Income Tax on Net Margins: Effective income tax rate per Line 80 x (projected margins per Line 47 less the contribution to system per Line 97).

Line 99: Cash Incoming: Projected margins per Line 47 less the calculated contributions to system per Line 97 less the calculated income tax on net margins per Line 98.

Line 100: Income tax on customer acquisition costs: Effective income tax rate per Line 80 x total other costs incurred per Line 54.

Line 101: Net Cash Carrying Charges: Cash carrying charge per Line 87 x Projected running gross plant in service per Line 107.

Line 102: Cash Outgoing: Total cash investment by year per Line 51 + total other costs incurred per Line 54 less tax on customer acquisition costs per Line 100 + net cash carrying charges per Line 101.

Line 103: Cash Net of Project (with residual value in yr 10): Cash coming in per Line 99 less cash going out per Line 102. The residual value is assumed to be equal to the gross plant invested for the project less the accumulated depreciation reserve at the end of year 10.

Line 104: Cash Net of Project (without residual value): Cash net of project per Line 103 less the calculated residual value (Gross Plant in Service less Accumulated Depreciation Reserve at year 10).

Line 107: Projected Running Gross Plant in Service: Total investment by year brought forward from Input Page, Line 51.

Line 108: Projected Running Net Plant in Service: Projected running gross plant in service per Line 51 less (projected running gross plant in service per Line 51 x depreciation rate per Line 82). The ending year calculation becomes the beginning year amount for the following year.

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Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

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EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)G. Exhibits (Continued)

Line 109: Projected Average Common Equity Balance: $((\text{Projected running gross plant in service per Line 107} + \text{projected running net plant in service per Line 108})/2) \times \text{equity as a \% of capital, per Line 84.}$

Line 110: Projected Average Common Equity Balance First 5 Years: Sum of first 5 years of Line 109.

Line 111: Operating Book Income: Total margins from project per Line 47 less contribution to system per Line 97 less total other costs incurred per Line 54.

Line 112: Depreciation Expense: Depreciation rate per Line 82 x projected running gross plant in service per Line 107.

Line 113: Carrying Costs (Interest & Property Tax): $(\text{Property tax \& insurance rate per Line 83} + \text{weighted cost of long term debt per Line 86}) \times ((\text{Projected running gross plant in service per Line 107} + \text{projected running net plant in service per Line 108})/2).$

Line 114: Statutory Income Tax: Statutory income tax rate per Line 81 x (operating book income per Line 111 less depreciation expense per Line 112 less carry costs per Line 113).

Line 115: Net Income Available for Shareholders: Operating book income per Line 111 less depreciation expense per Line 112 less carrying costs per Line 113 less statutory income tax per Line 114.

Line 116: Net Income Available for Shareholders First 5 Years: Sum of first 5 years of Line 115.

Line 117: Return on Equity: Net income available for shareholders per Line 116 / projected average common equity balance per Line 109.

Approval: Enter CIAC amount, name of person authorizing CIAC, and date authorized.

Comments: Describe all special or unusual situations connected to the project, the calculation of the feasibility, or the collection of the required CIAC. Also include any information used to determine the customer connection projection if different than the developer provided.

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Vice President, Regulatory Services

Submittal Date:

*Effective with bills issued on and after this date.

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Proposed Effective Date: December 1, 2012

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDERAvailability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

1. The actual capital costs and projected remaining capital costs for the project,
2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed fifteen (15) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of fifteen (15) years, whichever occurs first.

Revenue Requirements ModelDefinitions:

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

Column/Description

- 1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) Year.
- 3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.
- 5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) Average Net Plant: Average of Column 5.
- 7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

- 8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).
- 9) Allowed Return: Derived from the Company's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
						Allowed Rate of Return

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

- 10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.
- 11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.
- 12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-of-construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.
- 13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).
- 14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

Issued By: Jim Schott
Vice President, Regulatory Services

*Effective Date: December 1, 2012
Proposed Effective Date: December 1, 2012

Submittal Date:

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EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the overall rate of return established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is “self supporting”. That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

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Vice President, Regulatory Services

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Copies of the official tariff sheets are available at offices providing service under the tariffs, and at the governing state or national commission offices. The information available here attempts to be materially the same, but should there be any discrepancies, in all cases the official tariffs on file with the governing commission will hold over these documents.

DOCUMENTS INCLUDED IN THIS FILE:

MERC

Joint Affidavit for Firm Transportation Customers	2
Small Volume Interruptible Natural Gas Sales Agreement	4
Small Volume Transportation Service Agreement	7
Small Volume Balancing Service Addendum to Gas Transportation Agreement	12
Small Volume Balancing Services Agreement	14
Small Joint Firm/Interruptible Natural Gas Sales Agreement	15
Large Volume Transportation Service Agreement	18
Large Joint Firm/Interruptible Gas Sales Agreement	23
Super Large Volume Transportation Service Agreement	27
Firm Backup Sales Service Agreement	32
Large Volume Balancing Service Addendum to Large Volume Transportation Service Agreement	35



Minnesota Energy Resources Corporation
JOINT AFFIDAVIT FOR FIRM TRANSPORTATION CUSTOMERS

STATE OF)
) ss.
COUNTY OF)

[Name of individual signing for Customer], [position], of [Customer name] ("Customer") and [name of individual signing for Marketer], [position], of [Marketer name] ("Marketer"), being duly sworn according to law depose and state:

- 1. Customer and Marketer represent to Minnesota Energy Resources Corporation ("MERC" or "Company") that one or both of them have and will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company's natural gas distribution system in (Minnesota) to deliver on a firm basis all volumes of gas to Company for Customer's accounts identified on Exhibit "A" attached hereto.
2. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and Marketer are unable to deliver gas to Company's natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company in writing sent by facsimile to the following number: .
3. Customer and Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney's fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.
4. This Affidavit shall be governed and construed in accordance with the laws of the State of Minnesota.

Marketer Name Customer Name
By: By:
Title: Title:

Subscribed and sworn to before me this day of , 20 by
on behalf of (Customer) and
on behalf of (Marketer).

Notary Public

My Commission Expires:



Exhibit "A"
Customer Firm Accounts



**SMALL VOLUME INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas on an interruptible basis at the location and for the specific uses designated as follows: _____

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company’s rate schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon demand directed to Company’s State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Interruptible Nature of Sale.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and its need to either shut down its gas utilization equipments or switch to an alternate energy supply by means off alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.

The payment for unauthorized volumes shall not give Customer the right to take



unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective on _____, 20____, and shall continue in effect until _____, 20__, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Interruptible Service.** Customer agrees to take interruptible service for the period November 1 through October 31. Customer may not transfer to non-interruptible service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at PO Box 455, 2665 145th Street West, Rosemount, MN 55068-0455, and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Title of person to be notified: _____

Telephone Number: _____

Address: _____

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”



Minnesota Energy Resources Corporation (“MERC”)

(print name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____



**SMALL VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company’s Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

3. **Charges:** Customer shall be responsible for and shall pay to Company the



following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$70.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:

Firm Backup Sales Service
Small Volume Balancing Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (___) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.



5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (See Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.



Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC")	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

12. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

- (a) the risk that unless Customer buys firm backup sales service from Company,



Company is not obligated to supply gas to Customer;

- (b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company’s Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company’s Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and
- (c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
(“MERC”)

“Customer”

(print name)

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____



**SMALL VOLUME BALANCING
SERVICES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

WHEREAS, Customer and Company have entered into a Small Volume Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company’s Small Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement.

2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company’s tariff.

3. **MDQ Requirements; Penalties.** Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a “Critical Day” or “Operational Flow Order,” Customer must, without notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow



Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in Sheet 6.09 of Company’s Tariff for each dekatherm that Customer failed to deliver.

4. **Definitions.** Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company’s Tariff. A “Critical Day”, when called by the interstate pipeline, has the meaning set forth in the interstate pipeline’s Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An “Operational Flow Order,” when called by the interstate pipeline, has the meaning set forth in the interstate pipeline’s tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.

5. **Fee.** Customer shall pay Company 7.0¢ per dekatherm transported by Customer on Company’s system for this balancing service.

6. **Term.** The term of this Agreement shall commence _____, 20____, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.

The parties have executed this Agreement as evidenced by their signatures below.

“Company”

“Customer”

Minnesota Energy Resources Corporation
(“MERC”)

By: _____

By: _____

Title: _____

Title: _____



ELECTION OF SMALL VOLUME BALANCING SERVICE
ADDENDUM TO
GAS TRANSPORTATION AGREEMENT
(MINNESOTA)

This Addendum is made and entered into as of the ___ day of ___, ___, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and ___ ("Customer"), and provides for an election of a Small Volume Balancing Service.

WHEREAS, Company and Customer have entered into a Gas Transportation Agreement dated ___, ___ (the "Agreement") and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. Election of Company's Small Volume Balancing Service

Customer may elect and agree to the Small Volume Balancing Service as set forth in Company's Gas Tariff, Sheet No. 6.08, on file with the Minnesota Public Service Commission, as indicated below:

- ___ Customer elects to participate in Company's Small Volume Customer Balancing Service
___ Customer declines participation in Company's Small Volume Customer Balancing Service

If Customer declines participation in Company's Small Volume Customer Balancing Service, Customer understands and agrees that it shall be subject to and responsible for all balancing and scheduling charges and penalties contained in Company's tariff, as the same may be amended from time to time. In addition, Customer shall reimburse and indemnify Company for all costs incurred by Company from the interstate pipeline transporter on Customer's behalf.

2. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's Gas Transportation Agreement referenced above.

3. As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

4. All charges, including, but not limited to, the Fixed Rate, Demand Charge, Commodity Charge, and all terms and conditions applicable to this Small Volume Balancing Service set forth in Company's Gas Tariff, remain in full force and effect.

5. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation ("MERC") <Customer Name Here>
Account #: _____

By: _____
Title: _____

By: _____
Title: _____



**SMALL JOINT FIRM/INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and _____ ("Customer").

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and Customer hereby agrees to purchase and receive natural gas on a joint service firm-interruptible basis at the location and for the specific uses designated as follows: _____.

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Rate Schedule _____ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, rules, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Nature of Sales Joint Firm/Interruptible Service.**

(a) **Firm Gas ("Contract Demand Volumes").** The daily contract demand volume of firm gas to be delivered hereunder shall be _____ **dekatherms** and shall be the maximum volume of gas Company is obligated to deliver to the customer on any billing day.

(b) **Interruptible Gas.** On any given day customer may purchase volumes of gas in excess of the Firm gas volume in (a) above, when such additional volumes are available.

(c) **Curtailement.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of Interruptible Gas (b) above and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of \$20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition



to the normal rate for volumes consumed unless such volumes were taken because of a force majeure operating situation. A force majeure operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a force majeure operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the force majeure operating situation. The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of Service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective _____ and shall continue in effect until _____ and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Joint Service.** Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at 2665 – 145th Street West, P.O. Box 455, Rosemount, MN 55068 and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Name of Person to be Notified: _____
Title of Person to be Notified: _____
Telephone Number: _____
Address: _____

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.



9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
("MERC")

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____



**LARGE VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service hereunder shall be offered on an interruptible or joint firm/interruptible basis. Service will be provided on a firm basis contingent upon adequate system capacity and only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:



Customer Charge: \$70.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm Capacity Charge: If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge: All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services: The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:

Firm Backup Sales Service
Small Volume Balancing Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the



delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less



than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") Attention: Address: Telephone: Fax:	Company: Attention: Address: Telephone: Fax:

12. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledgement of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

- (a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;



- (b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company’s Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company’s Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and
- (c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
 (“MERC”)

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____



LARGE JOINT FIRM/INTERRUPTIBLE
GAS SALES AGREEMENT
(Minnesota)

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

WHEREAS, Customer desires to obtain natural gas service from Company and Company is willing to provide such service on the terms and conditions set forth herein. NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who qualify for service under Company’s Rate Schedule ____ (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer represents that it meets the service availability requirements for service under this Agreement.

2. **Service Considerations.** During the term of this Agreement, Company shall be Customer’s exclusive natural gas distributor. Service hereunder will be for a base of firm gas volume, supplemented by interruptible volumes.

This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Gas To Be Sold.** Company agrees to sell firm and/or interruptible gas and deliver gas to Customer, and Customer agrees to purchase and receive such gas for its own use for the following purpose, namely: _____.

a. **Firm Gas Sales:** The daily Contract Demand volume of firm gas to be delivered hereunder shall be _____ MMBtu and shall be the maximum volume of gas Company is obligated to deliver to Customer on any billing day.

b. **Interruptible Sales:** On any given day Customer may purchase volumes of gas in excess of the firm gas entitlement when such additional volumes are available.

Delivery of gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible



nature of the service and acknowledges its responsibility either to shut down its plant operations or to maintain complete standby facilities and alternate fuel supply to maintain plant operations during full or partial curtailment or interruption of service hereunder. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so.

4. **Charges.** Customer shall be responsible for and shall pay to Company the charges applicable to the service provided hereunder as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Contract Demand Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

5. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, _____ and thereafter until terminated by either party upon six (6) months written notice.

6. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 4 above, plus either the applicable charge from the transporting pipeline (see Sheet No. 6.50 of the Tariff) or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 4 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

7. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day



before the penalty is assessed.

8. **Request to Transfer to Non-Joint Service.** Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

9. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses specifically provided in this Agreement or, if not so provided, to the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC")	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

10. **Commission Authority.** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

11. **Entire Agreement.** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.



Minnesota Energy Resources Corporation
“MERC”

“Customer”

_____ *(print name)*

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**SUPER LARGE VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible basis by Company. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$70.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per



account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm

Capacity Charge:

If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge:

All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services:

The following services, described in Company's Tariff sheet 6.07, are available at Customer's option:

Firm Backup Sales Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (___) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and



which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday,



Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC") Attention: Address:	Company:
Telephone: Fax:	Attention: Address:
	Telephone: Fax:

12. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledging of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

- (a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;
- (b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and



- (c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
“MERC”

“Customer”

_____ *(print name)*

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**FIRM BACKUP SALES
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company’s Transportation Rate Schedule Sheet No. 6.00 through 6.09 (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”).

2. **Service Considerations.** This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Rate.** Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer’s MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company’s Tariff, as the same may be amended, modified or superseded from time to time.

Customer’s minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company’s Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

4. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, 20____, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the



transporting pipeline or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company’s pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge (“DDVC”) for each dekatherm so taken when service is interrupted.

6. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

7. **Daily Firm Capacity Nomination:** Customer agrees to take firm backup sales for the period November 1 through October 31 and must nominate a DFC for the entire November through October period. Customer may not changes its daily firm capacity nomination until the next November 1st and must notify the Company in writing at least ninety days prior to the change.

8. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation (“MERC”) Attention: Address:	Company: Attention: Address:
Telephone: Fax:	Telephone: Fax:



9. **Commission Authority.** The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

10. **Entire Agreement.** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
 (“MERC”)

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____





ELECTION OF LARGE VOLUME BALANCING SERVICE
ADDENDUM TO
LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT

This Addendum is made and entered into as of the ___ day of ___, ___, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and ___ ("Customer").

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated ___, ___ (the "LVTS Agreement");

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service ("LVBS") Program as set forth in Company's Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission ("MPUC"), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer's daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: _____ Customer's/Representative's Initials: _____

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company's Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company's Tariff.

The parties have executed this Addendum as evidenced by their signature below.

Minnesota Energy Resources Corporation Name: _____
("MERC") Account #: _____

By: _____
Title: _____

By: _____
Title: _____



before the penalty is assessed.

8. **Request to Transfer to Non-Joint Service.** Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

9. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses specifically provided in this Agreement or, if not so provided, to the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC")	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

10. **Commission Authority.** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

11. **Entire Agreement.** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.



Minnesota Energy Resources Corporation
“MERC”

“Customer”

_____ *(print name)*

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**SUPER LARGE VOLUME TRANSPORTATION
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability:** Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible basis by Company. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges:** Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Customer Charge: \$70.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per



account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

Daily Firm

Capacity Charge:

If applicable, the amount is set forth in Customer's regular sales tariff schedule.

Commodity Charge:

All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule.

Optional Services:

The following services, described in Company's Tariff sheet 6.07, are available at Customer's option:

Firm Backup Sales Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term:** This Agreement shall remain in effect for a primary term of _____ (___) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing:** Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and



which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment:** Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations:** If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed:** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or \$20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday,



Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation ("MERC")	Company:
Attention:	Attention:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:

12. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledging of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

- (a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;
- (b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and



- (c) that Customer must stop using gas when notified by Company or by Customer’s gas supplier of any interruption affecting Customer’s gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
“MERC”

“Customer”

_____ *(print name)*

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



**FIRM BACKUP SALES
SERVICE AGREEMENT
(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and _____ (“Customer”).

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company’s Transportation Rate Schedule Sheet No. 6.00 through 6.09 (“Rate Schedule”), which is a part of Company’s tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”).

2. **Service Considerations.** This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company’s Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC (“General Terms and Conditions”). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Rate.** Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer’s MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company’s Tariff, as the same may be amended, modified or superseded from time to time.

Customer’s minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company’s Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

4. **Term.** The primary term of this Agreement shall commence on _____, 20____, and shall continue in effect until _____, 20____, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted.** If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the



transporting pipeline or \$20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company’s pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge (“DDVC”) for each dekatherm so taken when service is interrupted.

6. **Billing and Payment.** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of \$10.00 and shall be the greater of \$1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

7. **Daily Firm Capacity Nomination:** Customer agrees to take firm backup sales for the period November 1 through October 31 and must nominate a DFC for the entire November through October period. Customer may not changes its daily firm capacity nomination until the next November 1st and must notify the Company in writing at least ninety days prior to the change.

8. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Minnesota Energy Resources Corporation (“MERC”) Attention: Address: Telephone: Fax:	Company: Attention: Address: Telephone: Fax:



9. **Commission Authority.** The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

10. **Entire Agreement.** This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

Minnesota Energy Resources Corporation
 (“MERC”)

Customer

(print name)

By: _____

By: _____

Title: _____

Title: _____





ELECTION OF LARGE VOLUME BALANCING SERVICE
ADDENDUM TO
LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT

This Addendum is made and entered into as of the ___ day of ___, ___, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and ___ ("Customer").

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated ___, ___ (the "LVTS Agreement");

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service ("LVBS") Program as set forth in Company's Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission ("MPUC"), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer's daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: _____ Customer's/Representative's Initials: _____

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company's Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company's Tariff.

The parties have executed this Addendum as evidenced by their signature below.

Minnesota Energy Resources Corporation Name: _____
("MERC") Account #: _____

By: _____
Title: _____

By: _____
Title: _____

Attachment D

IMPORTANT INFORMATION about your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by The Great Lakes Pipeline

Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$5.7 million or 2.46%, began on February 1, 2011. Since the final increase is greater than the interim rate increase, Minnesota Energy Resources will not refund or collect any difference between these amounts.

Reasons For The Increase

Minnesota Energy Resources requested this increase due to reduced sales, and increased costs for customer service functions and conservation programs.

How The Rate Change Will Affect Monthly Bills

The MPUC's July 13, 2012 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

Please see inside for an explanation of how the changes will impact your natural gas bill.

For More Information

If you would like more information, please visit us online at minnesotaenergyresources.com, visit your local Minnesota Energy Resources customer service office, or call 800-889-9508.

An Explanation Of Changes To Your Natural Gas Rates

On November 30, 2010, Minnesota Energy Resources-PNG (MERC-PNG) requested permission to increase its natural gas rates by approximately \$13.7 million, or about 5.9%.

On July 13, 2012, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately \$9.9 million, or 4.7%, beginning December 1, 2012.

Under the MPUC's July 13, 2012 Order, the fixed customer charge for residential customers will increase from \$7.25 to \$8.50 per month, and the distribution charge will increase from \$0.17746 to \$0.19754. These rates are effective on December 2012 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 70 therms of natural gas per month will see a \$2.65 increase on their monthly bill.

Also, the MPUC approved MERC's request for a revenue decoupling mechanism for residential and small commercial customers. Revenue decoupling separates the link between the amount of revenue MERC collects from its customers and the amount of natural gas they use. Revenue decoupling allows MERC to adjust its rates up or down each year to make up for any shortfall or any excess in sales revenue. The purpose of revenue decoupling is to reduce MERC's disincentive to promote energy conservation and energy efficiency. The first annual revenue decoupling rate adjustment will appear on customer bills in 2013.

Finally, the MPUC approved MERC's request to simplify its rate structure to make all of the distribution rates and customer charges for all MERC-PNG and MERC-NMU customers in the same customer class equal. The Commission also allowed MERC to consolidate its four gas cost recovery rates into two. One rate is for the majority of MERC's customers, who are served off of the Northern Natural Gas Company interstate natural gas pipeline. The other is for MERC's remaining customers who are served by three other interstate pipelines that bring gas to MERC's customers primarily from Canada.



Change In Average Monthly Bills

This chart shows the effect of the rate change on monthly bills for MERC-PNG customers served off the Great Lakes Pipeline with average gas use.

Customer Class	Average Monthly Usage (Therms)	Current Average Monthly Bill*	New Average Monthly Bill
General Service - Residential Sales	70	\$57	\$60
General Service - Small Commercial & Industrial Sales	89	\$74	\$79
General Service - Large Commercial & Industrial Sales	614	\$440	\$470
Small Volume Interruptible and Joint Sales	3,155	\$1,956	\$2,006
Transportation	26,759	\$1,598	\$1,564

Changes For Monthly Customer Charge And The Per Unit Gas Distribution Charge

This chart shows the effect of the current and authorized fixed customer charge and distribution charge for each MERC customer class.

Customer Class	Current Monthly Fixed Charge	Monthly Fixed Charge	Current Per Therm Distribution Charge	Per Therm Distribution Charge
Residential	\$7.25	\$8.50	\$0.17746	\$0.19754
Small Commercial & Industrial	\$12.00	\$14.50	\$0.15022	\$0.18525
Large Commercial & Industrial	\$17.00	\$35.00	\$0.14984	\$0.16868
Small Volume Interruptible & Joint	\$80.00	\$150.00	\$0.11681	\$0.10647
Large Volume Interruptible & Joint	\$160.00	\$175.00	\$0.03248	\$0.03568
Transportation Administrative Fee*	\$170.00	\$70.00		

*The customer charge for customers receiving transportation service is the same as for comparable sales service, except for the additional monthly administrative fee.

IMPORTANT INFORMATION about your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by NMU-Consolidated Pipeline

Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$1.9 million or 3.14%, began on February 1, 2011. Since the final increase is less than the interim rate increase, Minnesota Energy Resources will refund any difference between these amounts.

Reasons For The Increase

Minnesota Energy Resources requested this increase due to reduced sales, and increased costs for customer service functions and conservation programs.

How The Rate Change Will Affect Monthly Bills

The MPUC's July 13, 2012 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

Please see inside for an explanation of how the changes will impact your natural gas bill.

For More Information

If you would like more information, please visit us online at minnesotaenergyresources.com, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

An Explanation Of Changes To Your Natural Gas Rates

On November 30, 2010, Minnesota Energy Resources-NMU (MERC-NMU) requested permission to increase its natural gas rates by approximately \$1.4 million, or about 2.4%.

On July 13, 2012, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately \$1.1 million, or 2.1%, beginning December 1, 2012.

Under the MPUC's July 13, 2012 Order, the fixed customer charge for residential customers will increase from \$7.25 to \$8.50 per month, and the distribution charge will decrease from \$0.21759 to \$0.19754. These rates are effective on December 2012 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 66 therms of natural gas per month will see a \$0.08 decrease on their monthly bill.

Also, the MPUC approved MERC's request for a revenue decoupling mechanism for residential and small commercial customers. Revenue decoupling separates the link between the amount of revenue MERC collects from its customers and the amount of natural gas they use. Revenue decoupling allows MERC to adjust its rates up or down each year to make up for any shortfall or any excess in sales revenue. The purpose of revenue decoupling is to reduce MERC's disincentive to promote energy conservation and energy efficiency. The first annual revenue decoupling rate adjustment will appear on customer bills in 2013.

Finally, the MPUC approved MERC's request to simplify its rate structure to make all of the distribution rates and customer charges for all MERC-PNG and MERC-NMU customers in the same customer class equal. The Commission also allowed MERC to consolidate its four gas cost recovery rates into two. One rate is for the majority of MERC's customers, who are served off of the Northern Natural Gas Company interstate natural gas pipeline. The other is for MERC's remaining customers who are served by three other interstate pipelines that bring gas to MERC's customers primarily from Canada.



Change In Average Monthly Bills

This chart shows the effect of the rate change on monthly bills for MERC-NMU customers served off the NMU-Consolidated Pipeline with average gas use.

Customer Class	Average Monthly Usage (Therms)	Current Average Monthly Bill*	New Average Monthly Bill
General Service - Residential Sales	66	\$60	\$62
General Service - Small Commercial & Industrial Sales	78	\$74	\$77
General Service - Large Commercial & Industrial Sales	501	\$422	\$426
Small Volume Interruptible and Joint Sales	5,250	\$3,064	\$3,191
Large Volume Interruptible and Joint Sales	30,037	\$15,217	\$15,449
Transportation	144,988	\$2,803	\$4,466

Changes For Monthly Customer Charge And The Per Unit Gas Distribution Charge

This chart shows the effect of the current and authorized fixed customer charge and distribution charge for each MERC customer class.

Customer Class	Current Monthly Fixed Charge	Monthly Fixed Charge	Current Per Therm Distribution Charge	Per Therm Distribution Charge
Residential	\$7.25	\$8.50	\$0.21759	\$0.19754
Small Commercial & Industrial	\$12.00	\$14.50	\$0.18564	\$0.18525
Large Commercial & Industrial	\$17.00	\$35.00	\$0.19660	\$0.16868
Small Volume Interruptible & Joint	\$80.00	\$150.00	\$0.09560	\$0.10647
Large Volume Interruptible & Joint	\$160.00	\$175.00	\$0.02846	\$0.03568
Super Large Volume Interruptible & Joint	\$160.00	\$300.00	\$0.00850	\$0.00850
Transportation Administrative Fee*	\$170.00	\$70.00		

*The customer charge for customers receiving transportation service is the same as for comparable sales service, except for the additional monthly administrative fee.

IMPORTANT INFORMATION about your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by NMU-Northern
Natural Pipeline

Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$1.9 million or 3.14%, began on February 1, 2011. Since the final increase is less than the interim rate increase, Minnesota Energy Resources will refund any difference between these amounts.

Reasons For The Increase

Minnesota Energy Resources requested this increase due to reduced sales, and increased costs for customer service functions and conservation programs.

How The Rate Change Will Affect Monthly Bills

The MPUC's July 13, 2012 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

**Please see inside for an explanation
of how the changes will impact your
natural gas bill.**

For More Information

If you would like more information, please visit us online at minnesotaenergyresources.com, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

An Explanation Of Changes To Your Natural Gas Rates

On November 30, 2010, Minnesota Energy Resources-NMU (MERC-NMU) requested permission to increase its natural gas rates by approximately \$1.4 million, or about 2.4%.

On July 13, 2012, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately \$1.1 million, or 2.1%, beginning December 1, 2012.

Under the MPUC's July 13, 2012 Order, the fixed customer charge for residential customers will increase from \$7.25 to \$8.50 per month, and the distribution charge will decrease from \$0.21759 to \$0.19754. These rates are effective on December 2012 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 72 therms of natural gas per month will see a \$0.20 decrease on their monthly bill.

Also, the MPUC approved MERC's request for a revenue decoupling mechanism for residential and small commercial customers. Revenue decoupling separates the link between the amount of revenue MERC collects from its customers and the amount of natural gas they use. Revenue decoupling allows MERC to adjust its rates up or down each year to make up for any shortfall or any excess in sales revenue. The purpose of revenue decoupling is to reduce MERC's disincentive to promote energy conservation and energy efficiency. The first annual revenue decoupling rate adjustment will appear on customer bills in 2013.

Finally, the MPUC approved MERC's request to simplify its rate structure to make all of the distribution rates and customer charges for all MERC-PNG and MERC-NMU customers in the same customer class equal. The Commission also allowed MERC to consolidate its four gas cost recovery rates into two. One rate is for the majority of MERC's customers, who are served off of the Northern Natural Gas Company interstate natural gas pipeline. The other is for MERC's remaining customers who are served by three other interstate pipelines that bring gas to MERC's customers primarily from Canada.



0912-30950-I-0015



Change In Average Monthly Bills

This chart shows the effect of the rate change on monthly bills for MERC-NMU customers served off the NMU – Northern Natural Gas Pipeline with average gas use.

Customer Class	Average Monthly Usage (Therms)	Current Average Monthly Bill*	New Average Monthly Bill
General Service - Residential Sales	72	\$67	\$67
General Service - Small Commercial & Industrial Sales	94	\$87	\$89
General Service - Large Commercial & Industrial Sales	478	\$403	\$408
Small Volume Interruptible and Joint Sales	5,867	\$3,415	\$3,549
Large Volume Interruptible and Joint Sales	14,358	\$7,358	\$7,476
Transportation	6,667	\$906	\$931

Changes For Monthly Customer Charge And The Per Unit Gas Distribution Charge

This chart shows the effect of the current and authorized fixed customer charge and distribution charge for each MERC customer class.

Customer Class	Current Monthly Fixed Charge	Monthly Fixed Charge	Current Per Therm Distribution Charge	Per Therm Distribution Charge
Residential	\$7.25	\$8.50	\$0.21759	\$0.19754
Small Commercial & Industrial	\$12.00	\$14.50	\$0.18564	\$0.18525
Large Commercial & Industrial	\$17.00	\$35.00	\$0.19660	\$0.16868
Small Volume Interruptible & Joint	\$80.00	\$150.00	\$0.09560	\$0.10647
Large Volume Interruptible & Joint	\$160.00	\$175.00	\$0.02846	\$0.03568
Super Large Volume Interruptible & Joint	\$160.00	\$300.00	\$0.00850	\$0.00850
Transportation Administrative Fee*	\$170.00	\$70.00		

*The customer charge for customers receiving transportation service is the same as for comparable sales service, except for the additional monthly administrative fee.

IMPORTANT INFORMATION about your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by Northern Natural
Gas Pipeline

Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$5.7 million or 2.46%, began on February 1, 2011. Since the final increase is greater than the interim rate increase, Minnesota Energy Resources will not refund or collect any difference between these amounts.

Reasons For The Increase

Minnesota Energy Resources requested this increase due to reduced sales, and increased costs for customer service functions and conservation programs.

How The Rate Change Will Affect Monthly Bills

The MPUC's July 13, 2012 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

**Please see inside for an explanation
of how the changes will impact your
natural gas bill.**

For More Information

If you would like more information, please visit us online at minnesotaenergyresources.com, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

An Explanation Of Changes To Your Natural Gas Rates

On November 30, 2010, Minnesota Energy Resources-PNG (MERC-PNG) requested permission to increase its natural gas rates by approximately \$13.7 million, or about 5.9%.

On July 13, 2012, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately \$9.9 million, or 4.7%, beginning December 1, 2012.

Under the MPUC's July 13, 2012 Order, the fixed customer charge for residential customers will increase from \$7.25 to \$8.50 per month, and the distribution charge will increase from \$0.17746 to \$0.19754. These rates are effective on December 2012 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 75 therms of natural gas per month will see a \$2.76 increase on their monthly bill.

Also, the MPUC approved MERC's request for a revenue decoupling mechanism for residential and small commercial customers. Revenue decoupling separates the link between the amount of revenue MERC collects from its customers and the amount of natural gas they use. Revenue decoupling allows MERC to adjust its rates up or down each year to make up for any shortfall or any excess in sales revenue. The purpose of revenue decoupling is to reduce MERC's disincentive to promote energy conservation and energy efficiency. The first annual revenue decoupling rate adjustment will appear on customer bills in 2013.

Finally, the MPUC approved MERC's request to simplify its rate structure to make all of the distribution rates and customer charges for all MERC-PNG and MERC-NMU customers in the same customer class equal. The Commission also allowed MERC to consolidate its four gas cost recovery rates into two. One rate is for the majority of MERC's customers, who are served off of the Northern Natural Gas Company interstate natural gas pipeline. The other is for MERC's remaining customers who are served by three other interstate pipelines that bring gas to MERC's customers primarily from Canada.



0912-30950-I-0010



Change In Average Monthly Bills

This chart shows the effect of the rate change on monthly bills for MERC-PNG customers served off the Northern Natural Gas Pipeline with average gas use.

Customer Class	Average Monthly Usage (Therms)	Current Average Monthly Bill*	New Average Monthly Bill
General Service - Residential Sales	75	\$69	\$72
General Service - Small Commercial & Industrial Sales	80	\$75	\$80
General Service - Large Commercial & Industrial Sales	669	\$547	\$577
Small Volume Interruptible and Joint Sales	3,282	\$2,019	\$2,055
Large Volume Interruptible and Joint Sales	9,947	\$5,196	\$5,242
Transportation	200,252	\$3,478	\$4,036

Changes For Monthly Customer Charge And The Per Unit Gas Distribution Charge

This chart shows the effect of the current and authorized fixed customer charge and distribution charge for each MERC customer class.

Customer Class	Current Monthly Fixed Charge	Monthly Fixed Charge	Current Per Therm Distribution Charge	Per Therm Distribution Charge
Residential	\$7.25	\$8.50	\$0.17746	\$0.19754
Small Commercial & Industrial	\$12.00	\$14.50	\$0.15022	\$0.18525
Large Commercial & Industrial	\$17.00	\$35.00	\$0.14984	\$0.16868
Small Volume Interruptible & Joint	\$80.00	\$150.00	\$0.11681	\$0.10647
Large Volume Interruptible & Joint	\$160.00	\$175.00	\$0.03248	\$0.03568
Super Large Volume Interruptible & Joint	\$160.00	\$300.00	\$0.00420	\$0.00420
Transportation Administrative Fee*	\$170.00	\$70.00		

*The customer charge for customers receiving transportation service is the same as for comparable sales service, except for the additional monthly administrative fee.

IMPORTANT INFORMATION about your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by Viking Gas Pipeline

Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$5.7 million or 2.46%, began on February 1, 2011. Since the final increase is greater than the interim rate increase, Minnesota Energy Resources will not refund or collect any difference between these amounts.

Reasons For The Increase

Minnesota Energy Resources requested this increase due to reduced sales, and increased costs for customer service functions and conservation programs.

How The Rate Change Will Affect Monthly Bills

The MPUC's July 13, 2012 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

Please see inside for an explanation of how the changes will impact your natural gas bill.

For More Information

If you would like more information, please visit us online at minnesotaenergyresources.com, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

An Explanation Of Changes To Your Natural Gas Rates

On November 30, 2010, Minnesota Energy Resources-PNG (MERC-PNG) requested permission to increase its natural gas rates by approximately \$13.7 million, or about 5.9%.

On July 13, 2012, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately \$9.9 million, or 4.7%, beginning December 1, 2012.

Under the MPUC's July 13, 2012 Order, the fixed customer charge for residential customers will increase from \$7.25 to \$8.50 per month, and the distribution charge will increase from \$0.17746 to \$0.19754. These rates are effective on December 2012 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 65 therms of natural gas per month will see a \$2.56 increase on their monthly bill.

Also, the MPUC approved MERC's request for a revenue decoupling mechanism for residential and small commercial customers. Revenue decoupling separates the link between the amount of revenue MERC collects from its customers and the amount of natural gas they use. Revenue decoupling allows MERC to adjust its rates up or down each year to make up for any shortfall or any excess in sales revenue. The purpose of revenue decoupling is to reduce MERC's disincentive to promote energy conservation and energy efficiency. The first annual revenue decoupling rate adjustment will appear on customer bills in 2013.

Finally, the MPUC approved MERC's request to simplify its rate structure to make all of the distribution rates and customer charges for all MERC-PNG and MERC-NMU customers in the same customer class equal. The Commission also allowed MERC to consolidate its four gas cost recovery rates into two. One rate is for the majority of MERC's customers, who are served off of the Northern Natural Gas Company interstate natural gas pipeline. The other is for MERC's remaining customers who are served by three other interstate pipelines that bring gas to MERC's customers primarily from Canada.



0912-30950-I-0013



Change In Average Monthly Bills

This chart shows the effect of the rate change on monthly bills for MERC-PNG customers served off the Viking Pipeline with average gas use.

Customer Class	Average Monthly Usage (Therms)	Current Average Monthly Bill*	New Average Monthly Bill
General Service - Residential Sales	65	\$56	\$58
General Service - Small Commercial & Industrial Sales	67	\$60	\$65
General Service - Large Commercial & Industrial Sales	499	\$376	\$403
Small Volume Interruptible and Joint Sales	3,020	\$1,836	\$1,875
Large Volume Interruptible and Joint Sales	93,218	\$46,411	\$46,724
Transportation	11,808	\$1,082	\$1,101

Changes For Monthly Customer Charge And The Per Unit Gas Distribution Charge

This chart shows the effect of the current and authorized fixed customer charge and distribution charge for each MERC customer class.

Customer Class	Current Monthly Fixed Charge	Monthly Fixed Charge	Current Per Therm Distribution Charge	Per Therm Distribution Charge
Residential	\$7.25	\$8.50	\$0.17746	\$0.19754
Small Commercial & Industrial	\$12.00	\$14.50	\$0.15022	\$0.18525
Large Commercial & Industrial	\$17.00	\$35.00	\$0.14984	\$0.16868
Small Volume Interruptible & Joint	\$80.00	\$150.00	\$0.11681	\$0.10647
Large Volume Interruptible & Joint	\$160.00	\$175.00	\$0.03248	\$0.03568
Super Large Volume Interruptible & Joint	\$160.00	\$300.00	\$0.00420	\$0.00420
Transportation Administrative Fee*	\$170.00	\$70.00		

*The customer charge for customers receiving transportation service is the same as for comparable sales service, except for the additional monthly administrative fee.

Attachment E

MINNESOTA ENERGY RESOURCES CORPORATION
CALCULATION OF PROPOSED BASE RATES
 Current and Proposed PGA Systems

Commodity Costs								SD Sales w/L&U	42,822
PGAC System	Corp COG includes SD, Co Use and L&U \$	Corp Ann Sales includes SD, Co Use and L&U Dth	Ave Corp COG includes SD, Co Use and L&U \$/Dth	Co Use Dth	Allowable Co Use Dth	Disallowed Co Use Dth	MERC COG not Including SD & Disallowed Co Use \$		
PNG-NNG	\$ 104,137,572	22,396,087	\$ 4,64980	8,544	0	8,544	\$ 103,898,732		
PNG-GLGT	\$ 4,221,654	919,899	\$ 4,58930	342	0	342	\$ 4,220,084		
PNG-VGT	\$ 3,580,236	780,084	\$ 4,58960	312	0	312	\$ 3,578,804		
NMU	\$ 30,328,754	6,504,482	\$ 4,66270	3,927	0	3,927	\$ 30,310,444		
Total Merger	\$ 142,268,216	30,600,552	\$ 4,64920	13,125	0	13,125	\$ 142,008,064		
MERC-NNG	\$ 116,845,550	25,090,232	\$ 4,65700	12,004	0	12,004	\$ 116,590,227		
MERC-Consolidated	\$ 25,422,665	5,510,320	\$ 4,61360	1,121	0	1,121	\$ 25,417,493		

PGAC System	MERC Ann Sales not including SD & Disallowed Co Use Dth	Allowable Co Use Dth	Loss & Un Dth	MERC Ann Sales w/o SD, Allowable Co Use and Loss & Un Dth	MERC COG w/o SD & Disallowed Co Use \$	MERC Avg COG w/o SD, Allowable Co Use and Loss & Un \$/Dth	MERC Avg COG w/o Allowable Co Use and Loss & Un \$/therm
PNG-NNG	22,344,721	0	155,326	22,189,395	\$ 103,898,732	\$ 4,68240	\$ 0,46824
PNG-GLGT	919,557	0	6,392	913,165	\$ 4,220,084	\$ 4,62140	\$ 0,46214
PNG-VGT	779,772	0	5,420	774,352	\$ 3,578,804	\$ 4,62170	\$ 0,46217
NMU	6,500,555	0	45,188	6,455,367	\$ 30,310,444	\$ 4,69540	\$ 0,46954
Total Merger	30,544,605	0	212,326	30,332,279	\$ 142,008,064	\$ 4,68170	\$ 0,46817
MERC-NNG	25,035,406	0	174,030	24,861,376	\$ 116,590,227	\$ 4,68960	\$ 0,46896
MERC-Consolidated	5,509,199	0	38,296	5,470,903	\$ 25,417,493	\$ 4,64590	\$ 0,46459

Volumetric Costs							
PGAC System	Corp Ann Cost incl SD, All Co Use and L&U \$	Corp Ann Sales incl SD, All Co Use and L&U Dth	Corp Ave Vol Costs incl Co Use and L&U \$/Dth	MERC Vol Costs w/o SD & Disallowed Co Use \$	MERC Annual Sales w/o SD, Allowable Co Use and Loss & Un Dth	MERC Avg Vol Cost w/o Allowable Co Use and Loss & Un \$/Dth	MERC Volumetric \$/therm
PNG-NNG	\$ 1,231,304	22,396,087	\$ 0,05500	\$ 1,228,479	22,189,395	\$ 0,05540	\$ 0,00554
PNG-GLGT	\$ 4,782	919,899	\$ 0,00520	\$ 4,780	913,165	\$ 0,00520	\$ 0,00052
PNG-VGT	\$ 11,723	780,084	\$ 0,01500	\$ 11,718	774,352	\$ 0,01510	\$ 0,00151
NMU	\$ 212,250	6,504,482	\$ 0,03260	\$ 212,122	6,455,367	\$ 0,03290	\$ 0,00329
Total Merger	\$ 1,460,059	30,600,552	\$ 0,04770	\$ 1,457,099	30,332,279	\$ 0,04800	\$ 0,00480
MERC-NNG	\$ 1,407,530	25,090,232	\$ 0,05610	\$ 1,404,454	24,861,376	\$ 0,05650	\$ 0,00565
MERC-Consolidated	\$ 52,529	5,510,320	\$ 0,00950	\$ 52,518	5,470,903	\$ 0,00960	\$ 0,00096

Demand Costs								
PGAC System	Corp Ann Firm Sales (SD, GS & LGS) & CU Dth	Corp Annual Cost Incl SD \$'s	Ave Corp Demand Costs incl SD, Co Use and L&U \$/Dth	SD & Disallowed Co Use Dth	SD & Disallowed Co Use \$	MERC Demand Costs w/o SD & Disallowed Co Use \$	MERC Demand Cost \$/Dth	MERC Demand Cost \$/therm
PNG-NNG	20,181,300	\$ 34,092,015	\$ 1,68929	51,366	\$ 86,771	\$ 34,005,244	\$ 1,68930	\$ 0,16893
PNG-GLGT	868,068	\$ 668,465	\$ 0,77006	342	\$ 263	\$ 668,202	\$ 0,77010	\$ 0,07701
PNG-VGT	567,959	\$ 600,070	\$ 1,05654	312	\$ 330	\$ 599,740	\$ 1,05650	\$ 0,10565
NMU	5,053,155	\$ 6,994,249	\$ 1,38413	3,927	\$ 5,435	\$ 6,988,814	\$ 1,38410	\$ 0,13841
Total Merger	26,670,482	\$ 42,354,799	\$ 1,68929	55,947	\$ 92,800	\$ 42,261,999	\$ 1,58790	\$ 0,15879
MERC-NNG	22,349,491	\$ 37,757,741	\$ 1,68942	54,826	\$ 92,624	\$ 37,665,117	\$ 1,68940	\$ 0,16894
MERC-Consolidated	4,320,991	\$ 4,597,058	\$ 1,06389	1,121	\$ 1,193	\$ 4,595,865	\$ 1,06390	\$ 0,10639

Commodity Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	22,232,217	\$ 104,097,844	42,822	\$ 199,112	22,189,395	\$ 103,898,732	\$ 0.46824
PNG-GLGT	913,164	\$ 4,220,084	0	\$ -	913,164	\$ 4,220,084	\$ 0.46214
PNG-VGT	774,352	\$ 3,578,804	0	\$ -	774,352	\$ 3,578,804	\$ 0.46217
NMU	6,455,367	\$ 30,310,444	0	\$ -	6,455,367	\$ 30,310,444	\$ 0.46954
Totals	30,375,100	\$ 142,207,176	42,822	\$ 199,112	30,332,278	\$ 142,008,064	\$ 0.46817
MERC-NNG	24,904,197	\$ 116,789,647	42,822	\$ 199,420	24,861,376	\$ 116,590,227	\$ 0.46896
MERC-Consolidated	5,470,903	\$ 25,417,493	0	\$ -	5,470,903	\$ 25,417,493	\$ 0.46459

Volumetric Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	22,232,217	\$ 1,230,834	42,822	\$ 2,355	22,189,395	\$ 1,228,479	\$ 0.00554
PNG-GLGT	913,164	\$ 4,780	0	\$ -	913,164	\$ 4,780	\$ 0.00052
PNG-VGT	774,352	\$ 11,718	0	\$ -	774,352	\$ 11,718	\$ 0.00151
NMU	6,455,367	\$ 212,122	0	\$ -	6,455,367	\$ 212,122	\$ 0.00329
Totals	30,375,100	\$ 1,459,455	42,822	\$ 2,355	30,332,278	\$ 1,457,099	\$ 0.00480
MERC-NNG	24,904,197	\$ 1,406,857	42,822	\$ 2,402	24,861,376	\$ 1,404,454	\$ 0.00565
MERC-Consolidated	5,470,903	\$ 52,518	0	\$ -	5,470,903	\$ 52,518	\$ 0.00096

Demand Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	20,172,756	\$ 34,077,582	42,822	\$ 72,338	20,129,934	\$ 34,005,244	\$ 0.16893
PNG-GLGT	867,726	\$ 668,202	0	\$ -	867,726	\$ 668,202	\$ 0.07701
PNG-VGT	567,647	\$ 599,740	0	\$ -	567,647	\$ 599,740	\$ 0.10565
NMU	5,049,228	\$ 6,988,814	0	\$ -	5,049,228	\$ 6,988,814	\$ 0.13841
Totals	26,657,357	\$ 42,334,337	42,822	\$ 72,338	26,614,535	\$ 42,261,999	\$ 0.15879
MERC-NNG	22,337,487	\$ 37,737,461	42,822	\$ 72,344	22,294,665	\$ 37,665,117	\$ 0.16894
MERC-Consolidated	4,319,870	\$ 4,595,865	0	\$ -	4,319,870	\$ 4,595,865	\$ 0.10639

Summary Sales & Total Costs							
PGAC System	Corp Tot Ann Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Tot Ann Sales Dth	MERC-MN Cost \$'s	
PNG-NNG	22,232,217	\$ 139,406,260	42,822	\$ 273,805	22,189,395	\$ 139,132,455	
PNG-GLGT	913,164	\$ 4,893,066	0	\$ -	913,164	\$ 4,893,066	
PNG-VGT	774,352	\$ 4,190,263	0	\$ -	774,352	\$ 4,190,263	
NMU	6,455,367	\$ 37,511,379	0	\$ -	6,455,367	\$ 37,511,379	
Totals	30,375,100	\$ 186,000,968	42,822	\$ 273,805	30,332,278	\$ 185,727,163	
MERC-NNG	24,904,197	\$ 155,933,965	42,822	\$ 274,166	24,861,376	\$ 155,659,799	
MERC-Consolidated	5,470,903	\$ 30,065,877	0	\$ -	5,470,903	\$ 30,065,877	

	MERC-MN Firm Rates	MERC-MN Interruptible Rates
PNG-NNG	\$ 0.64271	\$ 0.47378
PNG-GLGT	\$ 0.53967	\$ 0.46266
PNG-VGT	\$ 0.56933	\$ 0.46368
NMU	\$ 0.61124	\$ 0.47283
MERC-NNG	\$ 0.64355	\$ 0.47461
MERC-Consolidated	\$ 0.57194	\$ 0.46555



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June 15, 1011

VIA ELECTRONIC FILING

The Honorable Manuel J. Cervantes
Office of Administrative Hearings
P.O. Box 64620
St. Paul, MN 55164-0620

Re: Second Update to the Commodity Cost of Gas
MPUC Docket Nos. G-007,011/GR-10-977 and G007,011/MR-10-978
OAH Docket No. 16-2500-21807-2

Dear Judge Cervantes:

Pursuant to Ordering Paragraph 1 of the Minnesota Public Utilities Commission's January 28, 2011 ORDER SETTING NEW BASE COST OF GAS in Docket No. G-007,011/MR-10-978, Minnesota Energy Resources Corporation ("MERC") submits its second and final update to the commodity cost of gas in Docket Nos. G007,011/GR-10-977 and G007,011/MR-10-978, based on NYMEX prices as of June 1, 2011.

The Commission's Order required the Company to update the commodity cost of gas and work with the Office of Energy Security ("OES") and Commission staff to assess cost volatility and to evaluate whether the Company's use of the New York Mercantile Exchange is the appropriate source to use for commodity cost data. As noted in a letter filed by MERC on February 18, 2011, Commission staff, the OES, and MERC have agreed that these updates should be filed on March 31 and June 15, 2011. As required by the Commission's order, MERC is filing this commodity cost of gas update in both the base cost of gas proceeding and the general rate proceeding.

Please contact me if you have any questions.

Sincerely,

/s/ Sarah J. Sorenson

Sarah J. Sorenson

cc: Service List
Michael J. Ahern, Esq.

MINNESOTA ENERGY RESOURCES CORPORATION
BASE RATES UPDATES COMPARISON TO CURRENTLY FILED AND PROPOSED FINAL BASE RATES

	Firm (GS) Base Rate			Average \$/therm	Proposed Final \$/therm
	Currently Filed* \$/therm	3/15/2011 NYMEX \$/therm	6/1/2011 NYMEX \$/therm		
PNG-NNG	\$ 0.74168	\$ 0.61920	\$ 0.64270	\$ 0.66786	
PNG-GLGT	\$ 0.62818	\$ 0.51919	\$ 0.53967	\$ 0.56235	
PNG-VGT	\$ 0.65637	\$ 0.54842	\$ 0.56933	\$ 0.59137	
NMU	\$ 0.70263	\$ 0.59098	\$ 0.61124	\$ 0.63495	

	Interruptible Base Rate			Average \$/therm	Proposed Final \$/therm
	Currently Filed* \$/therm	3/15/2011 NYMEX \$/therm	6/1/2011 NYMEX \$/therm		
PNG-NNG	\$ 0.57275	\$ 0.45027	\$ 0.47377	\$ 0.49893	
PNG-GLGT	\$ 0.55117	\$ 0.44218	\$ 0.46266	\$ 0.48534	
PNG-VGT	\$ 0.55072	\$ 0.44277	\$ 0.46368	\$ 0.48572	
NMU	\$ 0.56422	\$ 0.45257	\$ 0.47283	\$ 0.49654	

	Joint Base Rate			Average \$/therm	Proposed Final \$/therm
	Currently Filed* \$/therm	3/15/2011 NYMEX \$/therm	6/1/2011 NYMEX \$/therm		
PNG-NNG	\$ 0.57275	\$ 0.45027	\$ 0.47377	\$ 0.49893	\$ -
PNG-GLGT	\$ 0.55117	\$ 0.44218	\$ 0.46266	\$ 0.48534	\$ -
PNG-VGT	\$ 0.55072	\$ 0.44277	\$ 0.46368	\$ 0.48572	\$ -
NMU	\$ 0.56422	\$ 0.45257	\$ 0.47283	\$ 0.49654	\$ -

*Currently filed rates based on 5/14/10 NYMEX pricing

MINNESOTA ENERGY RESOURCES CORPORATION
PROPOSED BASE RATES COMPARISON TO CURRENTLY FILED BASE RATES
Current and Proposed PGA Systems
 (Using 6-1-11 NYMEX gas pricing and MERC Fcst201004Sales Forecast)

	Gas Cost \$/therm	Volumetric Cost \$/therm	Firm Demand Cost \$/therm	Firm Commodity Base Rate			Interruptible Commodity Base Rate		
				Currently Filed* \$/therm	6-1-11 NYMEX \$/therm	% Change	Currently Filed* \$/therm	6-1-11 NYMEX \$/therm	% Change
CURRENT									
PNG-NNG	\$ 0.46823	\$ 0.00554	\$ 0.16893	\$ 0.74168	\$ 0.64270	-13.3%	\$ 0.57275	\$ 0.47377	-17.28%
PNG-GLGT	\$ 0.46214	\$ 0.00052	\$ 0.07701	\$ 0.62818	\$ 0.53967	-14.1%	\$ 0.55117	\$ 0.46266	-16.06%
PNG-VGT	\$ 0.46217	\$ 0.00151	\$ 0.10565	\$ 0.65637	\$ 0.56933	-13.3%	\$ 0.55072	\$ 0.46368	-15.80%
NMU	\$ 0.46954	\$ 0.00329	\$ 0.13841	\$ 0.70263	\$ 0.61124	-13.0%	\$ 0.56422	\$ 0.47283	-16.20%
Total Merger	\$ 0.46817	\$ 0.00480	\$ 0.15879	---	\$ 0.63176	---	---	\$ 0.47297	---
PROPOSED									
MERC-NNG	\$ 0.46896	\$ 0.00565	\$ 0.16894	---	\$ 0.64355	---	---	\$ 0.47461	---
MERC-Consolidated	\$ 0.46459	\$ 0.00096	\$ 0.10639	---	\$ 0.57194	---	---	\$ 0.46555	---

	Gas Cost \$/therm	Volumetric Cost \$/therm	Joint Demand Cost \$/therm/MDQ	Joint Commodity Base Rate			Joint Demand Base Rate		
				Currently Filed* \$/therm	6-1-11 NYMEX \$/therm	% Change	Currently Filed \$/therm/MDQ	6-1-11 NYMEX \$/therm/MDQ	% Change
CURRENT									
PNG-NNG	\$ 0.46823	\$ 0.00554	\$ 1.96334	\$ 0.57275	\$ 0.47377	-17.28%	\$ 1.34177	\$ 1.96334	46.32%
PNG-GLGT	\$ 0.46214	\$ 0.00052	\$ 0.52429	\$ 0.55117	\$ 0.46266	-16.06%	\$ 0.34580	\$ 0.52429	51.62%
PNG-VGT	\$ 0.46217	\$ 0.00151	\$ 0.66801	\$ 0.55072	\$ 0.46368	-15.80%	\$ 0.34671	\$ 0.66801	92.67%
NMU	\$ 0.46954	\$ 0.00329	\$ 0.89145	\$ 0.56422	\$ 0.47283	-16.20%	\$ 1.03302	\$ 0.89145	-13.70%
Total Merger	\$ 0.46817	\$ 0.00480	\$ 1.54673	---	\$ 0.47297	---	---	\$ 1.54673	---
PROPOSED									
MERC-NNG	\$ 0.46896	\$ 0.00565	\$ 1.95620	---	\$ 0.47461	---	---	\$ 1.95620	---
MERC-Consolidated	\$ 0.46459	\$ 0.00096	\$ 0.56880	---	\$ 0.46555	---	---	\$ 0.56880	---

*Currently filed rates based on 5/14/10 NYMEX pricing

MINNESOTA ENERGY RESOURCES CORPORATION
CALCULATION OF PROPOSED BASE RATES
 Current and Proposed PGA Systems

Commodity Costs								SD Sales w/L&U	43,121
PGAC System	Corp COG includes SD, Co Use and L&U \$	Corp Ann Sales includes SD, Co Use and L&U Dth	Ave Corp COG includes SD, Co Use and L&U \$/Dth	Co Use Dth	Allowable Co Use Dth	Disallowed Co Use Dth	MERC COG not Including SD & Disallowed Co Use \$		
PNG-NNG	\$ 104,137,572	22,396,386	\$ 4.64970	8,544	0	8,544	\$ 103,897,344		
PNG-GLGT	\$ 4,221,654	919,899	\$ 4.58930	342	0	342	\$ 4,220,084		
PNG-VGT	\$ 3,580,236	780,084	\$ 4.58960	312	0	312	\$ 3,578,804		
NMU	\$ 30,328,754	6,504,482	\$ 4.66270	3,927	0	3,927	\$ 30,310,444		
Total Merger	\$ 142,268,216	30,600,851	\$ 4.64920	13,125	0	13,125	\$ 142,006,676		
MERC-NNG	\$ 116,845,550	25,090,531	\$ 4.65700	12,004	0	12,004	\$ 116,588,831		
MERC-Consolidated	\$ 25,422,665	5,510,320	\$ 4.61360	1,121	0	1,121	\$ 25,417,493		

PGAC System	MERC Ann Sales not including SD & Disallowed Co Use Dth	Allowable Co Use Dth	Loss & Un Dth	MERC Ann Sales w/o SD, Allowable Co Use and Loss & Un Dth	MERC COG w/o SD & Disallowed Co Use \$	MERC Avg COG w/o SD, Allowable Co Use and Loss & Un \$/Dth	MERC Avg COG w/o Allowable Co Use and Loss & Un \$/therm
PNG-NNG	22,344,721	0	155,326	22,189,395	\$ 103,897,344	\$ 4.68230	\$ 0.46823
PNG-GLGT	919,557	0	6,392	913,165	\$ 4,220,084	\$ 4.62140	\$ 0.46214
PNG-VGT	779,772	0	5,420	774,352	\$ 3,578,804	\$ 4.62170	\$ 0.46217
NMU	6,500,555	0	45,188	6,455,367	\$ 30,310,444	\$ 4.69540	\$ 0.46954
Total Merger	30,544,605	0	212,326	30,332,279	\$ 142,006,676	\$ 4.68170	\$ 0.46817
MERC-NNG	25,035,406	0	174,030	24,861,376	\$ 116,588,831	\$ 4.68960	\$ 0.46896
MERC-Consolidated	5,509,199	0	38,296	5,470,903	\$ 25,417,493	\$ 4.64590	\$ 0.46459

Volumetric Costs							
PGAC System	Corp Ann Cost incl SD, All Co Use and L&U \$	Corp Ann Sales incl SD, All Co Use and L&U Dth	Corp Ave Vol Costs incl Co Use and L&U \$/Dth	MERC Vol Costs w/o SD & Disallowed Co Use \$	MERC Annual Sales w/o SD, Allowable Co Use and Loss & Un Dth	MERC Avg Vol Cost w/o Allowable Co Use and Loss & Un \$/Dth	MERC Volumetric \$/therm
PNG-NNG	\$ 1,231,304	22,396,386	\$ 0.05500	\$ 1,228,462	22,189,395	\$ 0.05540	\$ 0.00554
PNG-GLGT	\$ 4,782	919,899	\$ 0.00520	\$ 4,780	913,165	\$ 0.00520	\$ 0.0052
PNG-VGT	\$ 11,723	780,084	\$ 0.01500	\$ 11,718	774,352	\$ 0.01510	\$ 0.00151
NMU	\$ 212,250	6,504,482	\$ 0.03260	\$ 212,122	6,455,367	\$ 0.03290	\$ 0.00329
Total Merger	\$ 1,460,059	30,600,851	\$ 0.04770	\$ 1,457,082	30,332,279	\$ 0.04800	\$ 0.00480
MERC-NNG	\$ 1,407,530	25,090,531	\$ 0.05610	\$ 1,404,437	24,861,376	\$ 0.05650	\$ 0.00565
MERC-Consolidated	\$ 52,529	5,510,320	\$ 0.00950	\$ 52,518	5,470,903	\$ 0.00960	\$ 0.00096

Demand Costs								
PGAC System	Corp Ann Firm Sales (SD, GS & LGS) & CU Dth	Corp Annual Cost Incl SD \$'s	Ave Corp Demand Costs incl SD, Co Use and L&U \$/Dth	SD & Disallowed Co Use Dth	SD & Disallowed Co Use \$	MERC Demand Costs w/o SD & Disallowed Co Use \$	MERC Demand Cost \$/Dth	MERC Demand Cost \$/therm
PNG-NNG	20,181,599	\$ 34,092,015	\$ 1.68926	51,665	\$ 87,276	\$ 34,004,739	\$ 1.68930	\$ 0.16893
PNG-GLGT	868,068	\$ 668,465	\$ 0.77006	342	\$ 263	\$ 668,202	\$ 0.77010	\$ 0.07701
PNG-VGT	567,959	\$ 600,070	\$ 1.05654	312	\$ 330	\$ 599,740	\$ 1.05650	\$ 0.10565
NMU	5,053,155	\$ 6,994,249	\$ 1.38413	3,927	\$ 5,435	\$ 6,988,814	\$ 1.38410	\$ 0.13841
Total Merger	26,670,782	\$ 42,354,799	\$	56,246	\$ 93,305	\$ 42,261,494	\$ 1.58790	\$ 0.15879
MERC-NNG	22,349,790	\$ 37,757,741	\$ 1.68940	55,125	\$ 93,129	\$ 37,664,612	\$ 1.68940	\$ 0.16894
MERC-Consolidated	4,320,991	\$ 4,597,058	\$ 1.06389	1,121	\$ 1,193	\$ 4,595,865	\$ 1.06390	\$ 0.10639

Commodity Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	22,232,217	\$ 104,097,845	43,121	\$ 200,501	22,189,395	\$ 103,897,344	\$ 0.46823
PNG-GLGT	913,164	\$ 4,220,084	0	\$ -	913,164	\$ 4,220,084	\$ 0.46214
PNG-VGT	774,352	\$ 3,578,804	0	\$ -	774,352	\$ 3,578,804	\$ 0.46217
NMU	6,455,367	\$ 30,310,444	0	\$ -	6,455,367	\$ 30,310,444	\$ 0.46954
Totals	30,375,100	\$ 142,207,177	43,121	\$ 200,501	30,332,278	\$ 142,006,676	\$ 0.46817
MERC-NNG	24,904,197	\$ 116,789,647	43,121	\$ 200,816	24,861,376	\$ 116,588,831	\$ 0.46896
MERC-Consolidated	5,470,903	\$ 25,417,493	0	\$ -	5,470,903	\$ 25,417,493	\$ 0.46459

Volumetric Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	22,232,217	\$ 1,230,834	43,121	\$ 2,372	22,189,395	\$ 1,228,462	\$ 0.00554
PNG-GLGT	913,164	\$ 4,780	0	\$ -	913,164	\$ 4,780	\$ 0.00052
PNG-VGT	774,352	\$ 11,718	0	\$ -	774,352	\$ 11,718	\$ 0.00151
NMU	6,455,367	\$ 212,122	0	\$ -	6,455,367	\$ 212,122	\$ 0.00329
Totals	30,375,100	\$ 1,459,455	43,121	\$ 2,372	30,332,278	\$ 1,457,083	\$ 0.00480
MERC-NNG	24,904,197	\$ 1,406,857	43,121	\$ 2,419	24,861,376	\$ 1,404,437	\$ 0.00565
MERC-Consolidated	5,470,903	\$ 52,518	0	\$ -	5,470,903	\$ 52,518	\$ 0.00096

Demand Sales & Costs							
PGAC System	Corp Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Sales Dth	MERC-MN Cost \$'s	MERC-MN Rate \$'s per therm
PNG-NNG	20,172,756	\$ 34,077,582	43,121	\$ 72,843	20,129,635	\$ 34,004,739	\$ 0.16893
PNG-GLGT	867,726	\$ 668,202	0	\$ -	867,726	\$ 668,202	\$ 0.07701
PNG-VGT	567,647	\$ 599,740	0	\$ -	567,647	\$ 599,740	\$ 0.10565
NMU	5,049,228	\$ 6,988,814	0	\$ -	5,049,228	\$ 6,988,814	\$ 0.13841
Totals	26,657,357	\$ 42,334,337	43,121	\$ 72,843	26,614,236	\$ 42,261,494	\$ 0.15879
MERC-NNG	22,337,487	\$ 37,737,461	43,121	\$ 72,849	22,294,366	\$ 37,664,612	\$ 0.16894
MERC-Consolidated	4,319,870	\$ 4,595,865	0	\$ -	4,319,870	\$ 4,595,865	\$ 0.10639

Summary Sales & Total Costs							
PGAC System	Corp Tot Ann Sales Dth	Corp Cost w/o Co Use \$'s	South Dakota Sales Dth	South Dakota Cost \$'s	MERC-MN Tot Ann Sales Dth	MERC-MN Cost \$'s	
PNG-NNG	22,232,217	\$ 139,406,261	43,121	\$ 275,716	22,189,395	\$ 139,130,545	
PNG-GLGT	913,164	\$ 4,893,066	0	\$ -	913,164	\$ 4,893,066	
PNG-VGT	774,352	\$ 4,190,263	0	\$ -	774,352	\$ 4,190,263	
NMU	6,455,367	\$ 37,511,379	0	\$ -	6,455,367	\$ 37,511,379	
Totals	30,375,100	\$ 186,000,969	43,121	\$ 275,716	30,332,278	\$ 185,725,253	
MERC-NNG	24,904,197	\$ 155,933,965	43,121	\$ 276,084	24,861,376	\$ 155,657,881	
MERC-Consolidated	5,470,903	\$ 30,065,877	0	\$ -	5,470,903	\$ 30,065,877	

	MERC-MN Firm Rates	MERC-MN Interruptible Rates
PNG-NNG	\$ 0.64270	\$ 0.47377
PNG-GLGT	\$ 0.53967	\$ 0.46266
PNG-VGT	\$ 0.56933	\$ 0.46368
NMU	\$ 0.61124	\$ 0.47283
MERC-NNG	\$ 0.64355	\$ 0.47461
MERC-Consolidated	\$ 0.57194	\$ 0.46555

MINNESOTA ENERGY RESOURCES CORPORATION
NNG Cost Summary

Month/ Year	NNG Monthly Sales	NNG Gas Cost	NNG Volumetric Cost	NNG Demand Cost	NNG Hedging Cost	NNG Total Cost
Jul-10	444,540	\$ 1,963,311.81	\$ 70,028.44	\$ 988,121.00		\$ 3,021,461.25
Aug-10	465,465	\$ 2,087,385.26	\$ 70,873.98	\$ 988,121.00		\$ 3,146,380.24
Sep-10	786,032	\$ 3,553,020.37	\$ 82,148.27	\$ 988,121.00		\$ 4,623,289.63
Oct-10	1,455,214	\$ 6,738,369.00	\$ 110,868.89	\$ 999,487.00		\$ 7,848,724.89
Nov-10	2,481,987	\$ 12,181,117.74	\$ 107,121.14	\$ 3,375,145.38	\$ 290,827.87	\$ 15,954,212.13
Dec-10	3,391,145	\$ 17,360,318.19	\$ 153,897.38	\$ 4,077,884.58	\$ 601,305.26	\$ 22,193,405.40
Jan-11	3,925,104	\$ 16,597,345.30	\$ 175,528.43	\$ 4,077,884.58	\$ 635,159.95	\$ 21,485,918.25
Feb-11	3,283,330	\$ 14,473,035.95	\$ 149,529.74	\$ 3,968,328.10	\$ 584,358.33	\$ 19,175,252.11
Mar-11	2,754,523	\$ 11,026,718.61	\$ 118,161.76	\$ 3,959,446.58	\$ 560,873.63	\$ 15,665,200.57
Apr-11	1,702,786	\$ 7,404,535.88	\$ 73,700.94	\$ 1,760,519.75		\$ 9,238,756.57
May-11	977,473	\$ 4,281,162.85	\$ 39,598.09	\$ 1,785,672.58		\$ 6,106,433.51
Jun-11	509,655	\$ 2,241,606.09	\$ 70,980.13	\$ 2,083,685.75		\$ 4,396,271.97
Jul-11	438,696	\$ 2,075,809.18	\$ 69,792.29	\$ 2,120,204.58		\$ 4,265,806.05
Aug-11	463,371	\$ 2,218,657.13	\$ 70,789.40	\$ 2,120,204.58		\$ 4,409,651.10
Sep-11	799,728	\$ 3,823,934.24	\$ 82,701.71	\$ 2,083,685.75		\$ 5,990,321.70
Oct-11	1,551,490	\$ 7,416,724.41	\$ 114,759.28	\$ 2,131,570.58		\$ 9,663,054.26
Nov-11	2,526,972	\$ 12,420,375.46	\$ 108,943.55	\$ 3,922,927.75	\$ 290,827.87	\$ 16,743,074.63
Dec-11	3,463,257	\$ 17,485,141.38	\$ 156,818.68	\$ 4,077,884.58	\$ 601,305.26	\$ 22,321,149.89
Jan-12	3,868,658	\$ 23,183,486.35	\$ 173,241.76	\$ 4,077,884.58	\$ 635,159.95	\$ 28,069,772.63
Feb-12	3,322,539	\$ 19,529,064.46	\$ 151,118.10	\$ 4,004,846.93	\$ 584,358.33	\$ 24,269,387.82
Mar-12	2,766,215	\$ 16,708,052.18	\$ 118,635.42	\$ 3,959,446.58	\$ 560,873.63	\$ 21,347,007.81
Apr-12	1,724,196	\$ 9,571,393.16	\$ 74,568.26	\$ 1,787,879.75		\$ 11,433,841.17
May-12	997,866	\$ 5,730,248.08	\$ 40,424.19	\$ 1,813,032.58		\$ 7,583,704.85
Jun-12	539,397	\$ 3,115,265.33	\$ 72,181.98	\$ 2,111,045.75		\$ 5,298,493.06
Jul-12	456,972	\$ 2,668,812.74	\$ 70,530.80	\$ 2,120,204.58		\$ 4,859,548.11
Aug-12	483,184	\$ 2,844,983.65	\$ 71,590.04	\$ 2,120,204.58		\$ 5,036,778.26
Sep-12	823,939	\$ 4,859,197.08	\$ 83,680.07	\$ 2,083,685.75		\$ 7,026,562.90
Oct-12	1,605,529	\$ 9,568,481.44	\$ 116,942.91	\$ 2,131,570.58		\$ 11,816,994.92
Nov-12	2,559,870	\$ 16,016,405.71	\$ 110,276.25	\$ 3,895,567.75	\$ 290,827.87	\$ 20,313,077.58
Dec-12	3,504,807	\$ 22,358,942.18	\$ 158,501.91	\$ 4,050,524.58	\$ 601,305.26	\$ 27,169,273.92
Jan-13	3,859,580	\$ 25,221,788.33	\$ 172,873.99	\$ 4,050,524.58	\$ 635,159.95	\$ 30,080,346.85
Feb-13	3,242,828	\$ 20,966,183.36	\$ 147,888.96	\$ 3,968,328.10	\$ 584,358.33	\$ 25,666,758.75
Mar-13	2,779,737	\$ 17,899,126.79	\$ 119,183.20	\$ 3,959,446.58	\$ 560,873.63	\$ 22,538,630.19
Apr-13	1,739,752	\$ 10,384,287.97	\$ 75,198.45	\$ 1,787,879.75		\$ 12,247,366.17
May-13	1,011,370	\$ 6,025,829.10	\$ 40,971.25	\$ 1,813,032.58		\$ 7,879,832.93
Jun-13	555,552	\$ 3,330,862.16	\$ 72,834.76	\$ 2,111,045.75		\$ 5,514,742.68
Jul-13	467,851	\$ 2,837,740.55	\$ 70,970.43	\$ 2,120,204.58		\$ 5,028,915.55
Aug-13	493,739	\$ 3,021,144.04	\$ 72,016.52	\$ 2,120,204.58		\$ 5,213,365.14
Sep-13	835,975	\$ 5,130,661.05	\$ 84,166.42	\$ 2,083,685.75		\$ 7,298,513.22
Oct-13	1,628,726	\$ 10,119,261.66	\$ 117,880.31	\$ 2,131,570.58		\$ 12,368,712.54
Nov-13	2,574,825	\$ 16,766,212.18	\$ 110,882.07	\$ 3,922,927.75	\$ 290,827.87	\$ 21,090,849.87
Dec-13	3,522,885	\$ 23,351,313.14	\$ 159,234.26	\$ 4,077,884.58	\$ 601,305.26	\$ 28,189,737.23
	76,786,759	\$ 426,557,311.56	\$ 4,312,034.39	\$ 113,811,524.15	\$ 8,909,708.21	\$ 553,590,578.31
		\$ 5.5551	\$ 0.0562	\$ 1.4822	\$ 0.0209	\$ 7.2095
	73.33%	73.69%	84.52%	80.04%	6.27%	74.88%

MINNESOTA ENERGY RESOURCES CORPORATION
GLGT Cost Summary

Month/ Year	GLGT Monthly Sales	GLGT Gas Cost	GLGT Volumetric Cost	GLGT Demand Cost	GLGT Hedging Cost	GLGT Total Cost
Jul-10	13,595	\$ 56,932.02	\$ 258.78	\$ 57,021.27		\$ 114,212.07
Aug-10	14,710	\$ 62,477.87	\$ 264.56	\$ 57,021.27		\$ 119,763.70
Sep-10	29,879	\$ 128,622.58	\$ 225.55	\$ 57,021.27		\$ 185,869.41
Oct-10	65,206	\$ 291,257.25	\$ 411.77	\$ 57,021.27		\$ 348,690.29
Nov-10	106,894	\$ 596,097.33	\$ 555.78	\$ 58,731.18	\$ 12,126.92	\$ 667,511.21
Dec-10	149,007	\$ 748,186.60	\$ 581.74	\$ 58,731.18	\$ 29,179.31	\$ 836,678.83
Jan-11	163,106	\$ 692,187.55	\$ 655.12	\$ 58,731.18	\$ 28,352.01	\$ 779,925.87
Feb-11	136,009	\$ 563,382.46	\$ 532.84	\$ 58,731.18	\$ 24,622.56	\$ 647,269.04
Mar-11	115,988	\$ 464,203.87	\$ 530.74	\$ 58,731.18	\$ 28,399.73	\$ 551,865.52
Apr-11	70,035	\$ 303,434.25	\$ 473.95	\$ 53,544.18		\$ 357,452.38
May-11	37,750	\$ 162,983.71	\$ 309.54	\$ 53,544.18		\$ 216,837.43
Jun-11	17,647	\$ 77,438.10	\$ 201.26	\$ 53,544.18		\$ 131,183.55
Jul-11	13,609	\$ 62,518.85	\$ 183.89	\$ 53,544.18		\$ 116,246.93
Aug-11	14,733	\$ 67,727.30	\$ 189.75	\$ 53,544.18		\$ 121,461.23
Sep-11	29,907	\$ 137,600.80	\$ 225.70	\$ 53,544.18		\$ 191,370.68
Oct-11	65,273	\$ 304,002.99	\$ 412.12	\$ 53,544.18		\$ 357,959.29
Nov-11	106,905	\$ 529,483.32	\$ 485.81	\$ 58,731.18	\$ 12,126.92	\$ 600,827.23
Dec-11	148,935	\$ 734,010.03	\$ 581.36	\$ 58,731.18	\$ 29,179.31	\$ 822,501.88
Jan-12	163,222	\$ 933,070.87	\$ 655.73	\$ 58,731.18	\$ 28,352.01	\$ 1,020,809.80
Feb-12	139,452	\$ 786,390.56	\$ 550.76	\$ 58,731.18	\$ 24,622.56	\$ 870,295.06
Mar-12	116,030	\$ 666,765.25	\$ 530.96	\$ 58,731.18	\$ 28,399.73	\$ 754,427.11
Apr-12	70,058	\$ 397,173.41	\$ 474.07	\$ 53,544.18		\$ 451,191.66
May-12	37,762	\$ 214,821.20	\$ 309.61	\$ 53,544.18		\$ 268,674.99
Jun-12	17,654	\$ 100,678.57	\$ 201.29	\$ 53,544.18		\$ 154,424.04
Jul-12	13,616	\$ 78,095.74	\$ 183.92	\$ 53,544.18		\$ 131,823.85
Aug-12	14,738	\$ 85,125.72	\$ 189.77	\$ 53,544.18		\$ 138,859.68
Sep-12	29,910	\$ 174,711.85	\$ 225.72	\$ 53,544.18		\$ 228,481.76
Oct-12	65,279	\$ 387,725.98	\$ 412.15	\$ 53,544.18		\$ 441,682.32
Nov-12	106,905	\$ 638,589.03	\$ 485.82	\$ 58,731.18	\$ 12,126.92	\$ 709,932.94
Dec-12	148,931	\$ 899,067.66	\$ 581.34	\$ 58,731.18	\$ 29,179.31	\$ 987,559.48
Jan-13	163,229	\$ 1,011,621.29	\$ 655.76	\$ 58,731.18	\$ 28,352.01	\$ 1,099,360.25
Feb-13	136,079	\$ 836,160.52	\$ 533.20	\$ 58,731.18	\$ 24,622.56	\$ 920,047.47
Mar-13	116,032	\$ 715,120.82	\$ 530.97	\$ 58,731.18	\$ 28,399.73	\$ 802,782.70
Apr-13	70,060	\$ 419,619.96	\$ 474.07	\$ 53,544.18		\$ 473,638.22
May-13	37,763	\$ 223,701.16	\$ 309.61	\$ 53,544.18		\$ 277,554.95
Jun-13	17,654	\$ 104,722.68	\$ 201.29	\$ 53,544.18		\$ 158,468.16
Jul-13	13,616	\$ 81,401.33	\$ 183.92	\$ 53,544.18		\$ 135,129.44
Aug-13	14,738	\$ 88,777.25	\$ 189.77	\$ 53,544.18		\$ 142,511.21
Sep-13	29,911	\$ 182,135.39	\$ 225.72	\$ 53,544.18		\$ 235,905.29
Oct-13	65,279	\$ 404,092.00	\$ 412.15	\$ 53,544.18		\$ 458,048.33
Nov-13	106,906	\$ 668,703.98	\$ 485.82	\$ 58,731.18	\$ 12,126.92	\$ 740,047.90
Dec-13	148,930	\$ 943,337.73	\$ 581.33	\$ 58,731.18	\$ 29,179.31	\$ 1,031,829.56
	3,142,941	\$ 17,024,156.84	\$ 16,665.01	\$ 2,350,943.11	\$ 409,347.78	\$ 19,801,112.74
		\$ 5.4166	\$ 0.0053	\$ 0.7480	\$ 0.0240	\$ 6.3002
	3.00%	2.94%	0.33%	1.65%	0.29%	2.68%

MINNESOTA ENERGY RESOURCES CORPORATION
VGT Cost Summary

Month/ Year	VGT Monthly Sales	VGT Gas Cost	VGT Volumetric Cost	VGT Demand Cost	VGT Hedging Cost	VGT Total Cost
Jul-10	13,635	\$ 57,189.45	\$ 716.33	\$ 47,115.44		\$ 105,021.22
Aug-10	13,779	\$ 58,614.00	\$ 718.43	\$ 47,115.44		\$ 106,447.87
Sep-10	26,394	\$ 113,795.99	\$ 587.67	\$ 47,115.44		\$ 161,499.10
Oct-10	55,970	\$ 250,389.36	\$ 1,039.24	\$ 47,115.44		\$ 298,544.04
Nov-10	89,568	\$ 441,077.80	\$ 1,156.00	\$ 56,600.13	\$ 12,126.92	\$ 510,960.85
Dec-10	123,730	\$ 615,646.24	\$ 1,334.79	\$ 60,407.01	\$ 23,361.08	\$ 700,749.11
Jan-11	135,316	\$ 572,833.07	\$ 1,509.19	\$ 60,407.01	\$ 28,352.01	\$ 663,101.29
Feb-11	112,964	\$ 467,030.94	\$ 1,223.80	\$ 60,407.01	\$ 24,622.56	\$ 553,284.31
Mar-11	97,086	\$ 388,825.69	\$ 1,262.77	\$ 56,600.13	\$ 21,278.85	\$ 467,967.44
Apr-11	59,726	\$ 259,168.78	\$ 1,196.47	\$ 43,664.13		\$ 304,029.38
May-11	34,184	\$ 147,813.36	\$ 821.88	\$ 43,664.13		\$ 192,299.37
Jun-11	17,732	\$ 77,927.06	\$ 564.30	\$ 43,664.13		\$ 122,155.50
Jul-11	13,635	\$ 62,734.16	\$ 512.55	\$ 43,664.13		\$ 106,910.84
Aug-11	13,779	\$ 63,437.59	\$ 514.75	\$ 43,664.13		\$ 107,616.47
Sep-11	26,394	\$ 121,622.44	\$ 587.67	\$ 43,664.13		\$ 165,874.25
Oct-11	55,970	\$ 261,076.95	\$ 1,039.24	\$ 43,664.13		\$ 305,780.33
Nov-11	89,568	\$ 442,671.28	\$ 1,156.01	\$ 56,600.13	\$ 12,126.92	\$ 512,554.33
Dec-11	123,730	\$ 605,353.43	\$ 1,334.79	\$ 60,407.01	\$ 23,361.08	\$ 690,456.31
Jan-12	135,316	\$ 765,208.19	\$ 1,509.20	\$ 60,407.01	\$ 28,352.01	\$ 855,476.42
Feb-12	115,819	\$ 645,870.66	\$ 1,266.77	\$ 60,407.01	\$ 24,622.56	\$ 732,167.01
Mar-12	97,086	\$ 555,765.53	\$ 1,262.77	\$ 56,600.13	\$ 21,278.85	\$ 634,907.28
Apr-12	59,727	\$ 339,122.47	\$ 1,196.48	\$ 43,664.13		\$ 383,983.08
May-12	34,184	\$ 194,765.09	\$ 821.88	\$ 43,664.13		\$ 239,251.10
Jun-12	17,732	\$ 101,278.43	\$ 564.30	\$ 43,664.13		\$ 145,506.86
Jul-12	13,635	\$ 78,328.18	\$ 512.55	\$ 43,664.13		\$ 122,504.86
Aug-12	13,779	\$ 79,711.16	\$ 514.75	\$ 43,664.13		\$ 123,890.04
Sep-12	26,394	\$ 154,408.01	\$ 587.67	\$ 43,664.13		\$ 198,659.82
Oct-12	55,970	\$ 332,948.26	\$ 1,039.24	\$ 43,664.13		\$ 377,651.63
Nov-12	89,568	\$ 534,395.59	\$ 1,156.01	\$ 56,600.13	\$ 12,126.92	\$ 604,278.65
Dec-12	123,730	\$ 742,849.62	\$ 1,334.79	\$ 60,407.01	\$ 23,361.08	\$ 827,952.50
Jan-13	135,316	\$ 833,880.28	\$ 1,509.19	\$ 60,407.01	\$ 28,352.01	\$ 924,148.50
Feb-13	112,964	\$ 689,927.03	\$ 1,223.80	\$ 60,407.01	\$ 24,622.56	\$ 776,180.40
Mar-13	97,086	\$ 597,453.05	\$ 1,262.77	\$ 56,600.13	\$ 21,278.85	\$ 676,594.80
Apr-13	59,726	\$ 358,280.47	\$ 1,196.47	\$ 43,664.13		\$ 403,141.07
May-13	34,184	\$ 202,811.67	\$ 821.88	\$ 43,664.13		\$ 247,297.68
Jun-13	17,732	\$ 105,344.85	\$ 564.30	\$ 43,664.13		\$ 149,573.29
Jul-13	13,635	\$ 81,641.20	\$ 512.55	\$ 43,664.13		\$ 125,817.88
Aug-13	13,779	\$ 83,128.72	\$ 514.75	\$ 43,664.13		\$ 127,307.60
Sep-13	26,394	\$ 160,967.74	\$ 587.67	\$ 43,664.13		\$ 205,219.55
Oct-13	55,970	\$ 346,999.93	\$ 1,039.24	\$ 43,664.13		\$ 391,703.31
Nov-13	89,568	\$ 559,861.15	\$ 1,156.01	\$ 56,600.13	\$ 12,126.92	\$ 629,744.21
Dec-13	123,730	\$ 780,276.18	\$ 1,334.79	\$ 56,600.13	\$ 23,361.08	\$ 861,572.18
	2,666,185	\$ 14,332,431.06	\$ 40,765.71	\$ 2,101,872.75	\$ 364,712.23	\$ 16,839,781.75
	2.55%	\$ 5.3756	\$ 0.0153	\$ 0.7883	\$ 0.0254	\$ 6.3161
		2.48%	0.80%	1.48%	0.26%	2.28%

MINNESOTA ENERGY RESOURCES CORPORATION
NMU Cost Summary

Month/ Year	NMU Monthly Sales	NMU Gas Cost	NMU Volumetric Cost	NMU Demand Cost	NMU Hedging Cost	NMU Total Cost
Jul-10	98,496	\$ 429,201.50	\$ 9,224.86	\$ 381,337.85		\$ 819,764.20
Aug-10	107,432	\$ 474,268.85	\$ 9,416.95	\$ 381,337.85		\$ 865,023.65
Sep-10	209,972	\$ 928,978.86	\$ 10,399.53	\$ 381,337.85		\$ 1,320,716.25
Oct-10	456,261	\$ 2,074,067.30	\$ 15,895.70	\$ 381,337.85		\$ 2,471,300.84
Nov-10	724,801	\$ 3,568,812.64	\$ 19,474.64	\$ 658,166.87	\$ 121,181.92	\$ 4,367,636.06
Dec-10	1,046,932	\$ 5,314,751.46	\$ 31,984.74	\$ 752,335.67	\$ 227,704.37	\$ 6,326,776.24
Jan-11	1,191,265	\$ 5,162,985.61	\$ 35,084.57	\$ 752,335.67	\$ 243,846.03	\$ 6,194,251.87
Feb-11	995,540	\$ 4,272,557.03	\$ 31,046.36	\$ 741,142.14	\$ 221,517.55	\$ 5,266,263.07
Mar-11	826,543	\$ 3,315,446.66	\$ 21,568.78	\$ 740,098.67	\$ 227,197.80	\$ 4,304,311.91
Apr-11	500,672	\$ 2,136,277.22	\$ 14,927.97	\$ 444,052.49		\$ 2,595,257.68
May-11	286,368	\$ 1,235,769.44	\$ 7,155.36	\$ 447,783.67		\$ 1,690,708.47
Jun-11	126,885	\$ 558,207.00	\$ 8,950.97	\$ 478,234.49		\$ 1,045,392.47
Jul-11	81,494	\$ 381,886.00	\$ 8,181.50	\$ 481,965.67		\$ 872,033.17
Aug-11	93,386	\$ 438,013.05	\$ 8,437.54	\$ 481,965.67		\$ 928,416.25
Sep-11	198,369	\$ 922,739.42	\$ 10,139.25	\$ 478,234.49		\$ 1,411,113.16
Oct-11	446,678	\$ 2,091,655.58	\$ 15,678.53	\$ 481,965.67		\$ 2,589,299.77
Nov-11	716,886	\$ 3,531,403.50	\$ 19,234.42	\$ 714,134.49	\$ 121,181.92	\$ 4,385,954.33
Dec-11	1,040,396	\$ 5,240,365.62	\$ 31,844.37	\$ 752,335.67	\$ 227,704.37	\$ 6,252,250.03
Jan-12	1,185,863	\$ 6,907,195.49	\$ 34,968.56	\$ 752,335.67	\$ 243,846.03	\$ 7,938,345.75
Feb-12	1,017,086	\$ 5,836,484.56	\$ 31,509.10	\$ 744,873.32	\$ 221,517.55	\$ 6,834,384.52
Mar-12	822,858	\$ 4,808,545.49	\$ 21,489.62	\$ 740,098.67	\$ 227,197.80	\$ 5,797,331.58
Apr-12	497,627	\$ 2,788,485.25	\$ 14,862.58	\$ 444,052.49		\$ 3,247,400.32
May-12	283,852	\$ 1,619,024.86	\$ 7,101.34	\$ 447,783.67		\$ 2,073,909.87
Jun-12	124,807	\$ 725,340.77	\$ 8,906.25	\$ 478,234.49		\$ 1,212,481.51
Jul-12	79,777	\$ 471,369.76	\$ 8,144.55	\$ 481,965.67		\$ 961,479.98
Aug-12	91,968	\$ 545,885.80	\$ 8,407.02	\$ 481,965.67		\$ 1,036,258.49
Sep-12	197,198	\$ 1,166,063.11	\$ 10,114.04	\$ 478,234.49		\$ 1,654,411.64
Oct-12	445,710	\$ 2,658,701.85	\$ 15,657.71	\$ 481,965.67		\$ 3,156,325.23
Nov-12	716,087	\$ 4,346,532.28	\$ 19,217.27	\$ 714,134.49	\$ 121,181.92	\$ 5,201,065.95
Dec-12	1,039,737	\$ 6,414,597.84	\$ 31,830.23	\$ 752,335.67	\$ 227,704.37	\$ 7,426,468.10
Jan-13	1,185,315	\$ 7,505,495.93	\$ 34,956.79	\$ 752,335.67	\$ 243,846.03	\$ 8,536,634.42
Feb-13	990,625	\$ 6,217,872.74	\$ 30,940.80	\$ 741,142.14	\$ 221,517.55	\$ 7,211,473.23
Mar-13	822,483	\$ 5,146,181.85	\$ 21,481.58	\$ 740,098.67	\$ 227,197.80	\$ 6,134,959.90
Apr-13	497,318	\$ 2,962,338.22	\$ 14,855.94	\$ 444,052.49		\$ 3,421,246.65
May-13	283,597	\$ 1,681,970.71	\$ 7,095.86	\$ 447,783.67		\$ 2,136,850.24
Jun-13	124,596	\$ 752,576.25	\$ 8,901.72	\$ 478,234.49		\$ 1,239,712.46
Jul-13	79,603	\$ 489,547.01	\$ 8,140.82	\$ 481,965.67		\$ 979,653.49
Aug-13	91,825	\$ 567,580.92	\$ 8,403.93	\$ 481,965.67		\$ 1,057,950.52
Sep-13	197,079	\$ 1,213,952.96	\$ 10,111.49	\$ 478,234.49		\$ 1,702,298.94
Oct-13	445,612	\$ 2,770,819.40	\$ 15,655.59	\$ 481,965.67		\$ 3,268,440.66
Nov-13	716,005	\$ 4,544,353.98	\$ 19,215.51	\$ 714,134.49	\$ 121,181.92	\$ 5,398,885.90
Dec-13	1,039,668	\$ 6,709,642.50	\$ 31,828.75	\$ 752,335.67	\$ 227,704.37	\$ 7,721,511.28
	22,124,674	\$ 120,927,946.29	\$ 732,443.09	\$ 23,922,331.42	\$ 3,473,229.24	\$ 149,055,950.04
		\$ 5.4658	\$ 0.0331	\$ 1.0813	\$ 0.0287	\$ 6.7371
	21.13%	20.89%	14.36%	16.82%	2.44%	20.16%

MINNESOTA ENERGY RESOURCES CORPORATION
MERC-NNG Cost Summary

Month/ Year	Total NNG Monthly Sales	Total NNG Gas Cost	Total NNG Volumetric Cost	Total NNG Demand Cost	Total NNG Hedging Cost	Total NNG Total Cost
Jul-10	483,495	\$ 2,563,355.13	\$ 77,036.20	\$ 1,113,626.00		\$ 3,754,017.33
Aug-10	507,955	\$ 2,712,298.85	\$ 78,024.55	\$ 1,113,626.00		\$ 3,903,949.40
Sep-10	869,076	\$ 4,351,179.14	\$ 90,762.33	\$ 1,113,626.00		\$ 5,555,567.47
Oct-10	1,635,666	\$ 8,021,316.25	\$ 123,594.39	\$ 1,124,992.00		\$ 9,269,902.64
Nov-10	2,768,645	\$ 13,391,431.85	\$ 123,204.27	\$ 3,722,506.00	\$ 351,418.83	\$ 17,588,560.95
Dec-10	3,805,206	\$ 18,994,805.35	\$ 181,792.65	\$ 4,497,181.00	\$ 712,204.25	\$ 24,385,983.25
Jan-11	4,435,418	\$ 18,267,367.98	\$ 205,724.17	\$ 4,497,181.00	\$ 754,275.83	\$ 23,724,548.98
Feb-11	3,714,396	\$ 15,884,679.25	\$ 176,605.90	\$ 4,376,431.00	\$ 695,074.35	\$ 21,132,790.50
Mar-11	3,105,988	\$ 12,209,177.81	\$ 135,796.30	\$ 4,366,506.00	\$ 674,472.53	\$ 17,385,952.64
Apr-11	1,912,269	\$ 8,166,397.56	\$ 84,883.42	\$ 1,963,778.00		\$ 10,215,058.98
May-11	1,095,992	\$ 4,791,150.11	\$ 44,162.41	\$ 1,992,662.00		\$ 6,827,974.51
Jun-11	556,854	\$ 2,847,620.41	\$ 78,255.72	\$ 2,321,126.00		\$ 5,247,002.13
Jul-11	462,176	\$ 2,635,006.54	\$ 76,517.38	\$ 2,361,376.00		\$ 5,072,899.92
Aug-11	493,223	\$ 2,810,650.52	\$ 77,704.55	\$ 2,361,376.00		\$ 5,249,731.08
Sep-11	869,047	\$ 4,585,661.01	\$ 91,119.75	\$ 2,321,126.00		\$ 6,997,906.76
Oct-11	1,717,787	\$ 8,653,724.24	\$ 127,320.66	\$ 2,372,742.00		\$ 11,153,786.90
Nov-11	2,823,930	\$ 13,659,490.93	\$ 124,830.30	\$ 4,326,256.00	\$ 351,418.83	\$ 18,461,996.06
Dec-11	3,903,444	\$ 19,147,177.64	\$ 184,609.78	\$ 4,497,181.00	\$ 712,204.25	\$ 24,541,172.67
Jan-12	4,337,667	\$ 25,441,024.66	\$ 203,351.41	\$ 4,497,181.00	\$ 754,275.83	\$ 30,895,832.90
Feb-12	3,724,796	\$ 21,340,109.29	\$ 178,537.67	\$ 4,416,681.00	\$ 695,074.35	\$ 26,630,402.32
Mar-12	3,091,655	\$ 18,432,014.52	\$ 136,211.23	\$ 4,366,506.00	\$ 674,472.53	\$ 23,609,204.28
Apr-12	1,921,008	\$ 10,484,118.43	\$ 85,702.21	\$ 1,991,138.00		\$ 12,560,958.64
May-12	1,110,129	\$ 6,358,587.40	\$ 44,948.41	\$ 2,020,022.00		\$ 8,423,557.82
Jun-12	588,758	\$ 3,922,862.34	\$ 79,424.36	\$ 2,348,486.00		\$ 6,350,772.70
Jul-12	488,523	\$ 3,401,400.16	\$ 77,228.45	\$ 2,361,376.00		\$ 5,840,004.62
Aug-12	519,558	\$ 3,611,706.82	\$ 78,482.52	\$ 2,361,376.00		\$ 6,051,565.35
Sep-12	901,931	\$ 5,852,568.76	\$ 92,079.38	\$ 2,321,126.00		\$ 8,265,774.14
Oct-12	1,781,807	\$ 11,173,813.40	\$ 129,488.84	\$ 2,372,742.00		\$ 13,676,044.24
Nov-12	2,843,082	\$ 17,488,766.98	\$ 126,150.27	\$ 4,298,896.00	\$ 351,418.83	\$ 22,265,232.08
Dec-12	3,916,023	\$ 24,266,166.10	\$ 186,282.51	\$ 4,469,821.00	\$ 712,204.25	\$ 29,634,473.85
Jan-13	4,328,372	\$ 27,573,698.47	\$ 202,974.92	\$ 4,469,821.00	\$ 754,275.83	\$ 33,000,770.21
Feb-13	3,634,620	\$ 22,787,677.20	\$ 174,886.78	\$ 4,376,431.00	\$ 695,074.35	\$ 28,034,069.33
Mar-13	3,105,029	\$ 19,693,908.88	\$ 136,753.04	\$ 4,366,506.00	\$ 674,472.53	\$ 24,871,640.44
Apr-13	1,936,442	\$ 11,340,381.89	\$ 86,327.48	\$ 1,991,138.00		\$ 13,417,847.36
May-13	1,123,533	\$ 6,681,420.39	\$ 45,491.41	\$ 2,020,022.00		\$ 8,746,933.80
Jun-13	604,830	\$ 4,174,079.04	\$ 80,073.78	\$ 2,348,486.00		\$ 6,602,638.82
Jul-13	499,334	\$ 3,603,101.91	\$ 77,665.30	\$ 2,361,376.00		\$ 6,042,143.22
Aug-13	530,055	\$ 3,822,620.09	\$ 78,906.72	\$ 2,361,376.00		\$ 6,262,902.81
Sep-13	913,920	\$ 6,169,480.96	\$ 92,563.84	\$ 2,321,126.00		\$ 8,583,170.80
Oct-13	1,804,966	\$ 11,798,429.99	\$ 130,424.66	\$ 2,372,742.00		\$ 14,301,596.65
Nov-13	2,858,005	\$ 18,297,135.57	\$ 126,754.79	\$ 4,326,256.00	\$ 351,418.83	\$ 23,101,565.19
Dec-13	3,934,074	\$ 25,330,493.95	\$ 187,013.76	\$ 4,497,181.00	\$ 712,204.25	\$ 30,726,892.96
	85,658,684	\$ 476,738,057.76	\$ 4,919,668.51	\$ 126,081,110.00	\$ 10,625,960.43	\$ 618,364,796.69

MINNESOTA ENERGY RESOURCES CORPORATION
MERC-Consolidated Cost Summary

Month/ Year	MERC Consolidated Monthly Sales	MERC Consolidated Gas Cost	MERC Consolidated Volumetric Cost	MERC Consolidated Demand Cost	MERC Consolidated Hedging Cost	MERC Consolidated Total Cost
Jul-10	86,771	\$ (56,720.35)	\$ 3,192.20	\$ 359,969.56	\$ -	\$ 306,441.41
Aug-10	93,431	\$ (29,552.88)	\$ 3,249.38	\$ 359,969.56	\$ -	\$ 333,666.06
Sep-10	183,200	\$ 373,238.66	\$ 2,598.70	\$ 359,969.56	\$ -	\$ 735,806.92
Oct-10	396,986	\$ 1,332,766.66	\$ 4,621.21	\$ 359,969.56	\$ -	\$ 1,697,357.43
Nov-10	634,604	\$ 3,395,673.66	\$ 5,103.29	\$ 426,137.56	\$ 84,844.79	\$ 3,911,759.30
Dec-10	905,607	\$ 5,044,097.14	\$ 6,005.99	\$ 452,177.44	\$ 169,345.76	\$ 5,671,626.33
Jan-11	979,372	\$ 4,757,983.55	\$ 7,053.14	\$ 452,177.44	\$ 181,434.17	\$ 5,398,648.30
Feb-11	813,446	\$ 3,891,327.13	\$ 5,726.84	\$ 452,177.44	\$ 160,046.64	\$ 4,509,278.05
Mar-11	688,153	\$ 2,986,017.03	\$ 5,727.74	\$ 448,370.56	\$ 163,277.48	\$ 3,603,392.81
Apr-11	420,951	\$ 1,937,018.56	\$ 5,415.91	\$ 338,002.56	\$ -	\$ 2,280,437.04
May-11	239,782	\$ 1,036,579.25	\$ 3,722.46	\$ 338,002.56	\$ -	\$ 1,378,304.27
Jun-11	115,065	\$ 107,557.86	\$ 2,440.94	\$ 338,002.56	\$ -	\$ 448,001.35
Jul-11	85,258	\$ (52,058.34)	\$ 2,152.84	\$ 338,002.56	\$ -	\$ 288,097.07
Aug-11	92,047	\$ (22,815.45)	\$ 2,226.88	\$ 338,002.56	\$ -	\$ 317,413.99
Sep-11	185,351	\$ 420,235.88	\$ 2,534.59	\$ 338,002.56	\$ -	\$ 760,773.02
Oct-11	401,624	\$ 1,419,735.67	\$ 4,568.50	\$ 338,002.56	\$ -	\$ 1,762,306.74
Nov-11	616,401	\$ 3,264,442.62	\$ 4,989.49	\$ 426,137.56	\$ 84,844.79	\$ 3,780,414.46
Dec-11	872,874	\$ 4,917,692.83	\$ 5,969.43	\$ 452,177.44	\$ 169,345.76	\$ 5,545,185.45
Jan-12	1,015,393	\$ 6,347,936.25	\$ 7,023.83	\$ 452,177.44	\$ 181,434.17	\$ 6,988,571.69
Feb-12	870,099	\$ 5,457,700.95	\$ 5,907.06	\$ 452,177.44	\$ 160,046.64	\$ 6,075,832.09
Mar-12	710,534	\$ 4,307,113.93	\$ 5,707.54	\$ 448,370.56	\$ 163,277.48	\$ 4,924,469.50
Apr-12	430,601	\$ 2,612,055.86	\$ 5,399.17	\$ 338,002.56	\$ -	\$ 2,955,457.59
May-12	243,534	\$ 1,400,271.84	\$ 3,708.60	\$ 338,002.56	\$ -	\$ 1,741,982.99
Jun-12	110,831	\$ 119,700.75	\$ 2,429.46	\$ 338,002.56	\$ -	\$ 460,132.77
Jul-12	75,476	\$ (104,793.74)	\$ 2,143.37	\$ 338,002.56	\$ -	\$ 235,352.19
Aug-12	84,111	\$ (56,000.48)	\$ 2,219.05	\$ 338,002.56	\$ -	\$ 284,221.13
Sep-12	175,510	\$ 501,811.30	\$ 2,528.11	\$ 338,002.56	\$ -	\$ 842,341.97
Oct-12	390,681	\$ 1,774,044.13	\$ 4,563.18	\$ 338,002.56	\$ -	\$ 2,116,609.86
Nov-12	629,348	\$ 4,047,155.63	\$ 4,985.07	\$ 426,137.56	\$ 84,844.79	\$ 4,563,123.05
Dec-12	901,182	\$ 6,149,291.19	\$ 5,965.76	\$ 452,177.44	\$ 169,345.76	\$ 6,776,780.14
Jan-13	1,015,068	\$ 6,999,087.36	\$ 7,020.83	\$ 452,177.44	\$ 181,434.17	\$ 7,639,719.80
Feb-13	847,876	\$ 5,922,466.46	\$ 5,699.98	\$ 452,177.44	\$ 160,046.64	\$ 6,540,390.52
Mar-13	710,310	\$ 4,663,973.64	\$ 5,705.48	\$ 448,370.56	\$ 163,277.48	\$ 5,281,327.15
Apr-13	430,415	\$ 2,784,144.74	\$ 5,397.46	\$ 338,002.56	\$ -	\$ 3,127,544.76
May-13	243,381	\$ 1,452,892.25	\$ 3,707.19	\$ 338,002.56	\$ -	\$ 1,794,602.00
Jun-13	110,704	\$ 119,426.91	\$ 2,428.30	\$ 338,002.56	\$ -	\$ 459,857.77
Jul-13	75,371	\$ (112,771.82)	\$ 2,142.41	\$ 338,002.56	\$ -	\$ 227,373.15
Aug-13	84,025	\$ (61,989.15)	\$ 2,218.26	\$ 338,002.56	\$ -	\$ 278,231.67
Sep-13	175,439	\$ 518,236.19	\$ 2,527.46	\$ 338,002.56	\$ -	\$ 858,766.21
Oct-13	390,622	\$ 1,842,743.01	\$ 4,562.63	\$ 338,002.56	\$ -	\$ 2,185,308.20
Nov-13	629,299	\$ 4,241,995.72	\$ 4,984.62	\$ 426,137.56	\$ 84,844.79	\$ 4,757,962.69
Dec-13	901,140	\$ 6,454,075.60	\$ 5,965.37	\$ 448,370.56	\$ 169,345.76	\$ 7,077,757.29
	19,061,875	\$ 102,103,787.98	\$ 182,239.69	\$ 16,105,561.44	\$ 2,531,037.03	\$ 120,922,626.15

MINNESOTA ENERGY RESOURCES CORPORATION
NMU NNG Cost Summary

Month/ Year	NMU-NNG Monthly Sales	NMU-NNG Gas Cost	NMU-NNG Volumetric Cost	NMU-NNG Demand Cost	NMU-NNG Hedging Cost	NMU-NNG Total Cost
Jul-10	38,955	\$ 600,043.32	\$ 7,007.77	\$ 125,505.00		\$ 732,556.08
Aug-10	42,489	\$ 624,913.59	\$ 7,150.57	\$ 125,505.00		\$ 757,569.16
Sep-10	83,044	\$ 798,158.78	\$ 8,614.06	\$ 125,505.00		\$ 932,277.84
Oct-10	180,451	\$ 1,282,947.25	\$ 12,725.50	\$ 125,505.00		\$ 1,421,177.74
Nov-10	286,659	\$ 1,210,314.11	\$ 16,083.14	\$ 347,360.63	\$ 60,590.96	\$ 1,634,348.82
Dec-10	414,061	\$ 1,634,487.16	\$ 27,895.27	\$ 419,296.43	\$ 110,898.99	\$ 2,192,577.85
Jan-11	510,314	\$ 1,670,022.68	\$ 30,195.75	\$ 419,296.43	\$ 119,115.88	\$ 2,238,630.73
Feb-11	431,066	\$ 1,411,643.30	\$ 27,076.15	\$ 408,102.90	\$ 110,716.03	\$ 1,957,538.38
Mar-11	351,465	\$ 1,182,459.20	\$ 17,634.55	\$ 407,059.43	\$ 113,598.90	\$ 1,720,752.07
Apr-11	209,483	\$ 761,861.68	\$ 11,182.48	\$ 203,258.25		\$ 914,456.13
May-11	118,519	\$ 509,987.26	\$ 4,564.32	\$ 206,989.43		\$ 682,607.51
Jun-11	47,199	\$ 606,014.32	\$ 7,275.60	\$ 237,440.25		\$ 806,768.02
Jul-11	23,480	\$ 559,197.36	\$ 6,725.09	\$ 241,171.43		\$ 747,726.62
Aug-11	29,852	\$ 591,993.39	\$ 6,915.16	\$ 241,171.43		\$ 780,303.17
Sep-11	69,319	\$ 761,726.78	\$ 8,418.04	\$ 237,440.25		\$ 923,429.44
Oct-11	166,297	\$ 1,236,999.84	\$ 12,561.39	\$ 241,171.43		\$ 1,353,917.36
Nov-11	296,958	\$ 1,239,115.47	\$ 15,886.75	\$ 403,328.25	\$ 60,590.96	\$ 1,614,692.09
Dec-11	440,187	\$ 1,662,036.26	\$ 27,791.10	\$ 419,296.43	\$ 110,898.99	\$ 2,108,488.63
Jan-12	469,009	\$ 2,257,538.31	\$ 30,109.66	\$ 419,296.43	\$ 119,115.88	\$ 2,826,060.27
Feb-12	402,257	\$ 1,811,044.83	\$ 27,419.57	\$ 411,834.08	\$ 110,716.03	\$ 2,361,014.50
Mar-12	325,440	\$ 1,723,962.34	\$ 17,575.81	\$ 407,059.43	\$ 113,598.90	\$ 2,262,196.47
Apr-12	196,812	\$ 912,725.27	\$ 11,133.95	\$ 203,258.25		\$ 1,127,117.47
May-12	112,264	\$ 628,339.32	\$ 4,524.22	\$ 206,989.43		\$ 839,852.97
Jun-12	49,361	\$ 807,597.01	\$ 7,242.38	\$ 237,440.25		\$ 1,052,279.64
Jul-12	31,552	\$ 732,587.43	\$ 6,697.65	\$ 241,171.43		\$ 980,456.50
Aug-12	36,373	\$ 766,723.17	\$ 6,892.49	\$ 241,171.43		\$ 1,014,787.08
Sep-12	77,992	\$ 993,371.68	\$ 8,399.31	\$ 237,440.25		\$ 1,239,211.24
Oct-12	176,278	\$ 1,605,331.96	\$ 12,545.92	\$ 241,171.43		\$ 1,859,049.31
Nov-12	283,212	\$ 1,472,361.27	\$ 15,874.02	\$ 403,328.25	\$ 60,590.96	\$ 1,952,154.50
Dec-12	411,216	\$ 1,907,223.92	\$ 27,780.60	\$ 419,296.43	\$ 110,898.99	\$ 2,465,199.94
Jan-13	468,792	\$ 2,351,910.13	\$ 30,100.92	\$ 419,296.43	\$ 119,115.88	\$ 2,920,423.36
Feb-13	391,792	\$ 1,821,493.84	\$ 26,997.82	\$ 408,102.90	\$ 110,716.03	\$ 2,367,310.58
Mar-13	325,292	\$ 1,794,782.09	\$ 17,569.84	\$ 407,059.43	\$ 113,598.90	\$ 2,333,010.25
Apr-13	196,689	\$ 956,093.92	\$ 11,129.02	\$ 203,258.25		\$ 1,170,481.19
May-13	112,163	\$ 655,591.29	\$ 4,520.16	\$ 206,989.43		\$ 867,100.87
Jun-13	49,278	\$ 843,216.88	\$ 7,239.02	\$ 237,440.25		\$ 1,087,896.15
Jul-13	31,483	\$ 765,361.36	\$ 6,694.88	\$ 241,171.43		\$ 1,013,227.66
Aug-13	36,317	\$ 801,476.04	\$ 6,890.20	\$ 241,171.43		\$ 1,049,537.66
Sep-13	77,945	\$ 1,038,819.91	\$ 8,397.42	\$ 237,440.25		\$ 1,284,657.58
Oct-13	176,240	\$ 1,679,168.33	\$ 12,544.35	\$ 241,171.43		\$ 1,932,884.11
Nov-13	283,180	\$ 1,530,923.39	\$ 15,872.72	\$ 403,328.25	\$ 60,590.96	\$ 2,010,715.32
Dec-13	411,189	\$ 1,979,180.81	\$ 27,779.51	\$ 419,296.43	\$ 110,898.99	\$ 2,537,155.73
	8,871,925	\$ 49,480,125.83	\$ 607,634.12	\$ 12,269,585.85	\$ 1,716,252.22	\$ 64,073,598.01

MINNESOTA ENERGY RESOURCES CORPORATION
 NNG Gas Commodity Cost Calculation

Month/ Year	06/01/11 NYMEX Close/ Index *	06/01/11 Projected Basis NNG Demarc	06/01/11 Projected Basis CIG	Projected Premium/ Gathering Cost	06/01/11 Projected Basis NNG Vent	Projected Price NNG Demarc	Projected Price NNG Vent	Projected Price Bison	NNG MERC Sales Forecast	0.9289 Company Use	0.70% Lost and Unaccounted for	NNG MERC Net Sales Forecast	MERC NNG Storage Injection/ Withdrawal	MERC Total Net Requirement	MERC Gross Flowing Gas Requirement	MERC Gross NNG Storage Requirement	MERC Total Gross Requirement
Jul-10	\$ 4.4400	\$ (0.1430)	\$ (0.3925)	\$ 0.3950	\$ (0.0285)	\$ 4.2970	\$ 4.4115	\$ 4.4425	441,271	179.84	3,088.90	444,540	930,055	1,374,595	1,393,812	948,069	1,393,812
Aug-10	\$ 4.5110	\$ (0.1270)	\$ (0.3775)	\$ 0.3950	\$ (0.0330)	\$ 4.3840	\$ 4.4780	\$ 4.5285	462,092	138.96	3,234.64	465,465	930,054	1,395,520	1,414,793	948,069	1,414,793
Sep-10	\$ 4.5620	\$ (0.0940)	\$ (0.4700)	\$ 0.3950	\$ (0.0520)	\$ 4.4680	\$ 4.5100	\$ 4.4870	780,416	153.55	5,462.91	786,032	900,053	1,686,085	1,705,645	917,485	1,705,645
Oct-10	\$ 4.6720	\$ (0.1920)	\$ (0.5225)	\$ 0.3950	\$ (0.0490)	\$ 4.4800	\$ 4.6230	\$ 4.5445	1,444,825	275.51	10,113.77	1,455,214	930,055	2,385,270	2,407,223	948,069	2,407,223
Nov-10	\$ 5.0950	\$ (0.5295)	\$ (0.4825)	\$ 0.3950	\$ (0.0510)	\$ 4.5655	\$ 5.0440	\$ 5.0075	2,464,385	351.31	17,250.69	2,481,987	(447,552)	2,034,435	2,039,943	0	2,039,943
Dec-10	\$ 5.5190	\$ (0.5450)	\$ (0.3425)	\$ 0.3950	\$ (0.0100)	\$ 4.9740	\$ 5.5090	\$ 5.5715	3,366,822	755.01	23,567.75	3,391,145	(1,124,617)	2,266,528	2,272,664	0	2,272,664
Jan-11	\$ 4.2160	\$ 0.0240	\$ (0.4260)	\$ 0.3950	\$ 0.0340	\$ 4.2400	\$ 4.2500	\$ 4.1850	3,896,430.5	1,398.74	27,275.01	3,925,104	(1,124,617)	2,800,488	2,808,070	0	2,808,070
Feb-11	\$ 4.3160	\$ 0.1940	\$ (0.2260)	\$ 0.3950	\$ 0.1840	\$ 4.5100	\$ 4.5000	\$ 4.4850	3,259,231.8	1,283.93	22,814.62	3,283,330	(1,124,617)	2,158,714	2,164,558	0	2,164,558
Mar-11	\$ 3.7930	\$ 0.1270	\$ (0.1930)	\$ 0.3950	\$ 0.0870	\$ 3.9200	\$ 3.8800	\$ 3.9950	2,733,702.8	1,683.91	19,135.92	2,754,523	(447,552)	2,306,971	2,313,217	0	2,313,217
Apr-11	\$ 4.2400	\$ 0.0800	\$ (0.2700)	\$ 0.3950	\$ 0.0900	\$ 4.3200	\$ 4.3300	\$ 4.3650	1,689,790.6	1,167.35	11,828.53	1,702,786	(321,318)	1,381,469	1,385,209	0	1,385,209
May-11	\$ 4.3800	\$ (0.0770)	\$ (0.4070)	\$ 0.3950	\$ (0.0770)	\$ 4.3030	\$ 4.3030	\$ 4.3680	969,877.3	806.94	6,789.14	977,473	0	977,473	980,120	0	980,120
Jun-11	\$ 4.3300	\$ (0.0260)	\$ (0.3360)	\$ 0.3950	\$ (0.0360)	\$ 4.3040	\$ 4.3890	\$ 4.3890	505,775.8	338.96	3,540.43	509,655	900,053	1,409,708	1,428,520	917,485	1,428,520
Jul-11	\$ 4.6290	\$ (0.0330)	\$ (0.3050)	\$ 0.3950	\$ 0.0100	\$ 4.5960	\$ 4.6390	\$ 4.7190	435,467.3	180.02	3,048.27	438,696	930,055	1,368,751	1,387,952	948,069	1,387,952
Aug-11	\$ 4.6670	\$ (0.0430)	\$ (0.2850)	\$ 0.3950	\$ (0.0025)	\$ 4.6240	\$ 4.6645	\$ 4.7770	460,011.9	138.96	3,220.08	463,371	930,055	1,393,426	1,412,694	948,069	1,412,694
Sep-11	\$ 4.6810	\$ (0.0380)	\$ (0.2830)	\$ 0.3950	\$ (0.0150)	\$ 4.6430	\$ 4.6660	\$ 4.7930	794,016.0	153.92	5,558.11	799,728	900,053	1,699,781	1,719,378	917,485	1,719,378
Oct-11	\$ 4.7170	\$ (0.0400)	\$ (0.2880)	\$ 0.3950	\$ (0.0200)	\$ 4.6770	\$ 4.6970	\$ 4.8240	1,540,430.4	276.91	10,783.01	1,551,490	930,054	2,481,545	2,503,758	948,068	2,503,758
Nov-11	\$ 4.8490	\$ 0.0400	\$ (0.3150)	\$ 0.3950	\$ 0.1025	\$ 4.8890	\$ 4.9515	\$ 4.9290	2,509,054.9	354.10	17,563.38	2,526,972	(447,552)	2,079,421	2,085,050	0	2,085,050
Dec-11	\$ 5.0460	\$ 0.0400	\$ (0.2450)	\$ 0.3950	\$ 0.1025	\$ 4.8890	\$ 5.1485	\$ 5.1960	3,438,427.5	760.30	24,068.99	3,463,257	(1,124,617)	2,338,640	2,344,972	0	2,344,972
Jan-12	\$ 6.4920	\$ (0.0920)	\$ (0.3425)	\$ 0.3950	\$ (0.0720)	\$ 6.4000	\$ 6.4200	\$ 6.5445	3,840,373	1,403.01	26,882.61	3,868,658	(1,124,617)	2,744,042	2,751,471	0	2,751,471
Feb-12	\$ 6.4290	\$ (0.0920)	\$ (0.3425)	\$ 0.3950	\$ (0.0720)	\$ 6.3370	\$ 6.3570	\$ 6.4815	3,298,163	1,288.38	23,087.14	3,322,539	(1,124,617)	2,197,922	2,203,873	0	2,203,873
Mar-12	\$ 6.2570	\$ (0.0920)	\$ (0.3225)	\$ 0.3950	\$ (0.0720)	\$ 6.1650	\$ 6.1850	\$ 6.3295	2,745,310	1,687.81	19,217.17	2,766,215	(447,552)	2,318,664	2,324,941	0	2,324,941
Apr-12	\$ 5.7900	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.6025	\$ 5.5900	\$ 5.7200	1,711,049	1,170.14	11,977.34	1,724,196	(321,318)	1,402,879	1,406,677	0	1,406,677
May-12	\$ 5.7970	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.6095	\$ 5.5970	\$ 5.7270	990,127	808.24	6,930.89	997,866	0	997,866	1,000,567	0	1,000,567
Jun-12	\$ 5.8360	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.6485	\$ 5.6360	\$ 5.7660	535,311	339.51	3,747.17	539,397	900,053	1,439,540	1,458,342	917,485	1,458,342
Jul-12	\$ 5.8960	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.7085	\$ 5.6960	\$ 5.8260	453,616	180.11	3,175.31	456,972	930,055	1,387,027	1,406,277	948,069	1,406,277
Aug-12	\$ 5.9460	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.7585	\$ 5.7460	\$ 5.8760	479,687	139.06	3,357.81	483,184	930,055	1,413,240	1,432,561	948,069	1,432,561
Sep-12	\$ 5.9780	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.7905	\$ 5.7780	\$ 5.9080	818,059	154.10	5,726.41	823,939	900,053	1,723,992	1,743,655	917,485	1,743,655
Oct-12	\$ 6.0730	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ 5.8855	\$ 5.8730	\$ 6.0030	1,594,092	277.93	11,158.64	1,605,529	930,054	2,535,583	2,557,943	948,068	2,557,943
Nov-12	\$ 6.3180	\$ (0.1875)	\$ (0.3700)	\$ 0.3950	\$ (0.0925)	\$ 6.1305	\$ 6.2255	\$ 6.3430	2,541,722	356.05	17,792.05	2,559,870	(447,552)	2,112,318	2,118,037	0	2,118,037
Dec-12	\$ 6.5850	\$ (0.1895)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ 6.3955	\$ 6.4905	\$ 6.6100	3,479,685	764.02	24,357.80	3,504,807	(1,124,617)	2,380,191	2,386,634	0	2,386,634
Jan-13	\$ 6.7870	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ 6.6925	\$ 6.6925	\$ 6.8120	3,831,362	1,398.74	26,819.53	3,859,580	(1,124,617)	2,734,963	2,742,368	0	2,742,368
Feb-13	\$ 6.7320	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ 6.6375	\$ 6.6375	\$ 6.7570	3,219,011	1,283.93	22,533.08	3,242,828	(1,124,617)	2,118,211	2,123,946	0	2,123,946
Mar-13	\$ 6.5370	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ 6.4425	\$ 6.4425	\$ 6.5620	2,758,742	1,683.91	19,311.19	2,779,737	(447,552)	2,332,185	2,338,499	0	2,338,499
Apr-13	\$ 6.0620	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 5.8525	\$ 5.8600	\$ 5.9570	1,726,500	1,167.35	12,085.50	1,739,572	(321,318)	1,418,435	1,422,275	0	1,422,275
May-13	\$ 6.0470	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 5.8375	\$ 5.8450	\$ 5.9420	1,003,538	806.94	7,024.77	1,011,370	0	1,011,370	1,014,108	0	1,014,108
Jun-13	\$ 6.0900	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 5.8805	\$ 5.8880	\$ 5.9850	551,353	338.96	3,859.47	555,552	900,053	1,455,604	1,474,541	917,485	1,474,541
Jul-13	\$ 6.1560	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 5.9465	\$ 5.9540	\$ 6.0510	464,420	180.02	3,250.94	467,851	930,055	1,397,906	1,417,186	948,069	1,417,186
Aug-13	\$ 6.2110	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 6.0015	\$ 6.0090	\$ 6.1060	490,168	138.96	3,431.18	493,379	930,055	1,423,794	1,443,144	948,069	1,443,144
Sep-13	\$ 6.2460	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 6.0365	\$ 6.0440	\$ 6.1410	830,011	153.92	5,810.08	835,975	900,053	1,736,028	1,755,723	917,485	1,755,723
Oct-13	\$ 6.3460	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ 6.1365	\$ 6.1440	\$ 6.2410	1,617,129	276.91	11,319.91	1,628,726	930,054	2,558,781	2,581,203	948,068	2,581,203
Nov-13	\$ 6.5810	\$ (0.0670)	\$ (0.3700)	\$ 0.3950	\$ (0.1070)	\$ 6.5140	\$ 6.4740	\$ 6.6060	2,556,575	354.10	17,896.02	2,574,825	(447,552)	2,127,273	2,133,032	0	2,133,032
Dec-13	\$ 6.8430	\$ (0.0670)	\$ (0.3700)	\$ 0.3950	\$ (0.1070)	\$ 6.7760	\$ 6.7360	\$ 6.8680	3,497,641	760.30	24,483.49	3,522,885	(1,124,617)	2,398,268	2,404,761	0	2,404,761

76,225,669 27,511 533,580 76,786,759 2,118,050 78,904,809 79,409,341 17,799,213 79,409,341

* Actual NYMEX contract close and NNG Indexes.

** Indicative Basis Numbers on 06/1/11.

11/01/07 to
12/31/10

PNG
NMU

NNG
Allocator
PNG
NMU

NNG Storage	
Storage Fuel %	1.63%
Transport Fuel %	0.27%
Transport Fuel %	0.52%
Summer	
Winter	

MINNESOTA ENERGY RESOURCES CORPORATION
 NNG Gas Commodity Cost Calculation

Month/ Year	MERC Requirement Demarc Cost	MERC Requirement Bison Cost	MERC Requirement Ventura Cost	MERC Total Flowing Gas Cost	MERC Total NNG Storage Cost	MERC Requirement Total Cost	MERC Projected Gas Cost Per Unit	Flowing Gas Cost	Storage Gas Cost	Sales Gas Cost
Jul-10	\$ 361,856.82	\$ -	\$ 5,777,301.24	\$ 1,963,311.81	\$ 4,175,846.24	\$ 6,139,158.05	\$ 4.4165	\$ 1,963,311.81	\$ 0.00	\$ 1,963,311.81
Aug-10	\$ 369,183.22	\$ -	\$ 5,958,344.83	\$ 2,087,385.26	\$ 4,240,142.78	\$ 6,327,528.04	\$ 4.4845	\$ 2,087,385.26	\$ 0.00	\$ 2,087,385.26
Sep-10	\$ 364,119.66	\$ -	\$ 7,324,915.64	\$ 3,553,020.37	\$ 4,136,014.94	\$ 7,689,035.30	\$ 4.5202	\$ 3,553,020.37	\$ 0.00	\$ 3,553,020.37
Oct-10	\$ 377,267.52	\$ -	\$ 10,739,280.11	\$ 6,738,369.00	\$ 4,378,178.63	\$ 11,116,547.63	\$ 4.6305	\$ 6,738,369.00	\$ 0.00	\$ 6,738,369.00
Nov-10	\$ -	\$ -	\$ 10,289,471.60	\$ 10,289,471.60	\$ -	\$ 10,289,471.60	\$ 4.9078	\$ 10,289,471.60	\$ 1,891,646.15	\$ 12,181,117.74
Dec-10	\$ -	\$ 7,741,542.14	\$ 4,865,409.40	\$ 12,606,951.54	\$ -	\$ 12,606,951.54	\$ 5.1193	\$ 12,606,951.54	\$ 4,753,366.65	\$ 17,360,318.19
Jan-11	\$ -	\$ 5,815,014.60	\$ 6,028,964.05	\$ 11,843,978.66	\$ -	\$ 11,843,978.66	\$ 4.2285	\$ 11,843,978.66	\$ 4,753,366.65	\$ 16,597,345.30
Feb-11	\$ -	\$ 6,231,861.53	\$ 3,487,807.77	\$ 9,719,669.30	\$ -	\$ 9,719,669.30	\$ 4.4080	\$ 9,719,669.30	\$ 4,753,366.65	\$ 14,473,035.95
Mar-11	\$ -	\$ 5,551,011.55	\$ 3,584,060.92	\$ 9,135,072.47	\$ -	\$ 9,135,072.47	\$ 4.0031	\$ 9,135,072.47	\$ 1,891,646.15	\$ 11,026,718.61
Apr-11	\$ -	\$ 6,046,437.14	\$ -	\$ 6,046,437.14	\$ -	\$ 6,046,437.14	\$ 4.3485	\$ 6,046,437.14	\$ 1,358,098.74	\$ 7,404,535.88
May-11	\$ -	\$ 4,281,162.85	\$ -	\$ 4,281,162.85	\$ -	\$ 4,281,162.85	\$ 4.3798	\$ 4,281,162.85	\$ 0.00	\$ 4,281,162.85
Jun-11	\$ -	\$ 6,098,470.51	\$ 167,594.62	\$ 2,241,606.09	\$ 4,024,459.03	\$ 6,266,065.13	\$ 4.3983	\$ 2,241,606.09	\$ 0.00	\$ 2,241,606.09
Jul-11	\$ -	\$ 6,549,745.16	\$ -	\$ 2,075,809.18	\$ 4,473,935.98	\$ 6,549,745.16	\$ 4.7318	\$ 2,075,809.18	\$ 0.00	\$ 2,075,809.18
Aug-11	\$ -	\$ 6,637,592.54	\$ 108,236.64	\$ 2,218,657.13	\$ 4,527,172.04	\$ 6,745,829.17	\$ 4.7881	\$ 2,218,657.13	\$ 0.00	\$ 2,218,657.13
Sep-11	\$ -	\$ 6,659,824.37	\$ 1,539,257.94	\$ 3,823,934.24	\$ 4,375,148.08	\$ 8,199,082.31	\$ 4.7815	\$ 3,823,934.24	\$ 0.00	\$ 3,823,934.24
Oct-11	\$ -	\$ 6,702,898.55	\$ 5,233,719.91	\$ 7,416,724.41	\$ 4,519,894.06	\$ 11,936,618.46	\$ 4.7804	\$ 7,416,724.41	\$ 0.00	\$ 7,416,724.41
Nov-11	\$ -	\$ 6,848,794.98	\$ 3,444,069.02	\$ 10,292,864.00	\$ -	\$ 10,292,864.00	\$ 4.9151	\$ 10,292,864.00	\$ 2,127,511.46	\$ 12,420,375.46
Dec-11	\$ -	\$ 7,219,788.74	\$ 4,919,298.86	\$ 12,139,087.61	\$ -	\$ 12,139,087.61	\$ 5.0488	\$ 12,139,087.61	\$ 5,346,053.78	\$ 17,485,141.38
Jan-12	\$ -	\$ 9,093,515.67	\$ 8,743,916.91	\$ 17,837,432.58	\$ -	\$ 17,837,432.58	\$ 5.9926	\$ 17,837,432.58	\$ 5,346,053.78	\$ 23,183,486.35
Feb-12	\$ -	\$ 9,005,977.81	\$ 5,177,032.87	\$ 14,183,010.68	\$ -	\$ 14,183,010.68	\$ 5.8778	\$ 14,183,010.68	\$ 5,346,053.78	\$ 19,529,064.46
Mar-12	\$ -	\$ 8,794,775.37	\$ 5,785,765.35	\$ 14,580,540.72	\$ -	\$ 14,580,540.72	\$ 6.0400	\$ 14,580,540.72	\$ 2,127,511.46	\$ 16,708,052.18
Apr-12	\$ -	\$ 7,947,881.37	\$ 96,074.62	\$ 8,043,955.99	\$ -	\$ 8,043,955.99	\$ 5.5512	\$ 8,043,955.99	\$ 1,527,437.17	\$ 9,571,393.16
May-12	\$ -	\$ 5,730,248.08	\$ -	\$ 5,730,248.08	\$ -	\$ 5,730,248.08	\$ 5.7425	\$ 5,730,248.08	\$ 0.00	\$ 5,730,248.08
Jun-12	\$ -	\$ 8,011,797.90	\$ 388,053.11	\$ 3,115,265.33	\$ 5,284,585.68	\$ 8,399,851.01	\$ 5.7755	\$ 3,115,265.33	\$ 0.00	\$ 3,115,265.33
Jul-12	\$ -	\$ 8,095,167.28	\$ 95,622.13	\$ 2,668,812.74	\$ 5,521,976.68	\$ 8,190,789.41	\$ 5.8402	\$ 2,668,812.74	\$ 0.00	\$ 2,668,812.74
Aug-12	\$ -	\$ 8,164,641.77	\$ 247,487.70	\$ 2,844,983.65	\$ 5,567,145.81	\$ 8,412,129.47	\$ 5.8880	\$ 2,844,983.65	\$ 0.00	\$ 2,844,983.65
Sep-12	\$ -	\$ 8,209,105.44	\$ 2,046,365.06	\$ 4,859,197.08	\$ 5,396,273.43	\$ 10,255,470.51	\$ 5.8975	\$ 4,859,197.08	\$ 0.00	\$ 4,859,197.08
Oct-12	\$ -	\$ 8,341,106.97	\$ 6,862,325.73	\$ 9,568,481.44	\$ 5,634,951.26	\$ 15,203,432.70	\$ 5.9597	\$ 9,568,481.44	\$ 0.00	\$ 9,568,481.44
Nov-12	\$ -	\$ 8,813,533.48	\$ 4,535,571.38	\$ 13,349,104.86	\$ -	\$ 13,349,104.86	\$ 6.2567	\$ 13,349,104.86	\$ 2,667,300.85	\$ 16,016,405.71
Dec-12	\$ -	\$ 9,184,527.25	\$ 6,471,967.46	\$ 15,656,494.71	\$ -	\$ 15,656,494.71	\$ 6.3795	\$ 15,656,494.71	\$ 6,702,447.47	\$ 22,358,942.18
Jan-13	\$ -	\$ 9,465,204.18	\$ 9,054,136.69	\$ 18,519,340.87	\$ -	\$ 18,519,340.87	\$ 6.5349	\$ 18,519,340.87	\$ 6,702,447.47	\$ 25,221,788.33
Feb-13	\$ -	\$ 9,388,782.24	\$ 4,874,953.65	\$ 14,263,735.89	\$ -	\$ 14,263,735.89	\$ 6.4654	\$ 14,263,735.89	\$ 6,702,447.47	\$ 20,966,183.36
Mar-13	\$ -	\$ 9,117,831.74	\$ 6,113,994.19	\$ 15,231,825.93	\$ -	\$ 15,231,825.93	\$ 6.4391	\$ 15,231,825.93	\$ 2,667,300.85	\$ 17,899,126.79
Apr-13	\$ -	\$ 8,277,190.44	\$ 192,121.02	\$ 8,469,311.46	\$ -	\$ 8,469,311.46	\$ 5.9688	\$ 8,469,311.46	\$ 1,914,976.51	\$ 10,384,287.97
May-13	\$ -	\$ 6,025,829.10	\$ -	\$ 6,025,829.10	\$ -	\$ 6,025,829.10	\$ 5.9581	\$ 6,025,829.10	\$ 0.00	\$ 6,025,829.10
Jun-13	\$ -	\$ 8,316,096.15	\$ 500,778.82	\$ 3,330,862.16	\$ 5,486,012.81	\$ 8,816,874.98	\$ 5.9956	\$ 3,330,862.16	\$ 0.00	\$ 3,330,862.16
Jul-13	\$ -	\$ 8,407,802.48	\$ 164,904.25	\$ 2,837,740.55	\$ 5,734,966.18	\$ 8,572,706.73	\$ 6.0655	\$ 2,837,740.55	\$ 0.00	\$ 2,837,740.55
Aug-13	\$ -	\$ 8,484,224.41	\$ 322,407.78	\$ 3,021,144.04	\$ 5,785,488.15	\$ 8,806,632.19	\$ 6.1189	\$ 3,021,144.04	\$ 0.00	\$ 3,021,144.04
Sep-13	\$ -	\$ 8,532,856.55	\$ 2,213,514.14	\$ 5,130,661.05	\$ 5,615,709.64	\$ 10,746,370.69	\$ 6.1373	\$ 5,130,661.05	\$ 0.00	\$ 5,130,661.05
Oct-13	\$ -	\$ 8,671,805.53	\$ 7,321,888.71	\$ 10,119,261.66	\$ 5,874,432.58	\$ 15,993,694.24	\$ 6.2130	\$ 10,119,261.66	\$ 0.00	\$ 10,119,261.66
Nov-13	\$ -	\$ 9,178,969.29	\$ 4,813,694.34	\$ 13,992,663.63	\$ -	\$ 13,992,663.63	\$ 6.5116	\$ 13,992,663.63	\$ 2,773,548.54	\$ 16,766,212.18
Dec-13	\$ -	\$ 9,543,015.60	\$ 6,838,868.73	\$ 16,381,884.33	\$ -	\$ 16,381,884.33	\$ 6.6285	\$ 16,381,884.33	\$ 6,969,428.81	\$ 23,351,313.14
	\$ 1,472,427.21	\$ 285,186,030.79	\$ 156,329,177.18	\$ 348,235,301.19	\$ 94,752,333.99	\$ 442,987,635.19	\$ 5.5785	\$ 348,235,301.19	\$ 78,322,010.37	\$ 426,557,311.56
	\$ 0.0190	\$ -	\$ 90,0581	\$ 4,3853	\$ 5,3234	\$ 5,5785	\$ -	\$ 4,3853	\$ 4,4003	\$ 5,3716
	0.33%		35.29%							

Actual NYA
 Indicative

MINNESOTA ENERGY RESOURCES CORPORATION
 NNG Gas Commodity Cost Calculation

Month/ Year	Daily Demarc Capacity	Monthly Demarc Capacity	Remaining Requirement	Daily Ventura Capacity	Monthly Ventura Capacity	% Demarc	% Ventura	% Total
Jul-10	67,050	1,393,812	0	30,202	0	100.00%	0.00%	100.00%
Aug-10	67,050	1,414,793	0	30,202	0	100.00%	0.00%	100.00%
Sep-10	67,050	1,705,645	0	30,202	0	100.00%	0.00%	100.00%
Oct-10	67,050	2,078,564	328,658	30,202	328,658	86.35%	13.65%	100.00%
Nov-10	110,278	2,039,943	0	35,861	0	100.00%	0.00%	100.00%
Dec-10	110,278	2,272,664	0	35,861	0	100.00%	0.00%	100.00%
Jan-11	110,278	2,808,070	0	35,861	0	100.00%	0.00%	100.00%
Feb-11	110,278	2,164,558	0	35,861	0	100.00%	0.00%	100.00%
Mar-11	110,278	2,313,217	0	35,861	0	100.00%	0.00%	100.00%
Apr-11	67,050	1,385,209	0	30,202	0	100.00%	0.00%	100.00%
May-11	67,050	980,120	0	30,202	0	100.00%	0.00%	100.00%
Jun-11	67,050	1,428,520	0	30,202	0	100.00%	0.00%	100.00%
Jul-11	67,050	1,387,952	0	30,202	0	100.00%	0.00%	100.00%
Aug-11	67,050	1,412,694	0	30,202	0	100.00%	0.00%	100.00%
Sep-11	67,050	1,719,378	0	30,202	0	100.00%	0.00%	100.00%
Oct-11	67,050	2,078,564	425,194	30,202	425,194	83.02%	16.98%	100.00%
Nov-11	110,278	2,085,050	0	35,861	0	100.00%	0.00%	100.00%
Dec-11	110,278	2,344,972	0	35,861	0	100.00%	0.00%	100.00%
Jan-12	110,278	2,751,471	0	35,861	0	100.00%	0.00%	100.00%
Feb-12	110,278	2,203,873	0	35,861	0	100.00%	0.00%	100.00%
Mar-12	110,278	2,324,941	0	35,861	0	100.00%	0.00%	100.00%
Apr-12	67,050	1,406,677	0	30,202	0	100.00%	0.00%	100.00%
May-12	67,050	1,000,567	0	30,202	0	100.00%	0.00%	100.00%
Jun-12	67,050	1,458,342	0	30,202	0	100.00%	0.00%	100.00%
Jul-12	67,050	1,406,277	0	30,202	0	100.00%	0.00%	100.00%
Aug-12	67,050	1,432,561	0	30,202	0	100.00%	0.00%	100.00%
Sep-12	67,050	1,743,655	0	30,202	0	100.00%	0.00%	100.00%
Oct-12	67,050	2,078,564	479,379	30,202	479,379	81.26%	18.74%	100.00%
Nov-12	110,278	2,118,037	0	35,861	0	100.00%	0.00%	100.00%
Dec-12	110,278	2,386,634	0	35,861	0	100.00%	0.00%	100.00%
Jan-13	110,278	2,742,368	0	35,861	0	100.00%	0.00%	100.00%
Feb-13	110,278	2,123,946	0	35,861	0	100.00%	0.00%	100.00%
Mar-13	110,278	2,338,499	0	35,861	0	100.00%	0.00%	100.00%
Apr-13	67,050	1,422,275	0	30,202	0	100.00%	0.00%	100.00%
May-13	67,050	1,014,108	0	30,202	0	100.00%	0.00%	100.00%
Jun-13	67,050	1,474,541	0	30,202	0	100.00%	0.00%	100.00%
Jul-13	67,050	1,417,186	0	30,202	0	100.00%	0.00%	100.00%
Aug-13	67,050	1,443,144	0	30,202	0	100.00%	0.00%	100.00%
Sep-13	67,050	1,755,723	0	30,202	0	100.00%	0.00%	100.00%
Oct-13	67,050	2,078,564	502,639	30,202	502,639	80.53%	19.47%	100.00%
Nov-13	110,278	2,133,032	0	35,861	0	100.00%	0.00%	100.00%
Dec-13	110,278	2,404,761	0	35,861	0	100.00%	0.00%	100.00%
	3,550,990	77,673,471	1,735,870	1,364,695	1,735,870	97.81%	2.19%	100.00%

Demarc Daily Capacity	Demarc Monthly Capacity	Demarc Monthly Require- ment	Remaining Requirement	Bison Daily Capacity	Bison Monthly Capacity	Monthly Bison Require- ment	Remaining Require- ment	Daily Ventura Capacity	Monthly Ventura Capacity	Monthly Ventura Require- ment
30,202	936,263	84,212	1,309,600	0	0	0	1,309,600	67,050	2,078,564	1,309,600
30,202	936,263	84,212	1,330,582	0	0	0	1,330,582	67,050	2,078,564	1,330,582
30,202	906,061	81,495	1,624,150	0	0	0	1,624,150	67,050	2,011,514	1,624,150
30,202	936,263	84,212	2,323,011	0	0	0	2,323,011	67,050	2,078,564	2,323,011
35,861	1,075,843	0	2,039,943	0	0	0	2,039,943	110,278	3,308,344	2,039,943
35,861	1,111,704	0	2,272,664	44,822	1,389,490	1,389,490	883,175	110,278	3,418,622	883,175
35,861	1,111,704	0	2,808,070	44,822	1,389,490	1,389,490	1,418,580	110,278	3,418,622	1,418,580
35,861	1,004,120	0	2,164,558	44,822	1,389,490	1,389,490	775,068	110,278	3,087,788	775,068
35,861	1,111,704	0	2,313,217	44,822	1,389,490	1,389,490	923,727	110,278	3,418,622	923,727
30,202	906,061	0	1,385,209	44,822	1,389,490	1,385,209	0	67,050	2,011,514	0
30,202	936,263	0	980,120	44,822	1,389,490	980,120	0	67,050	2,078,564	0
30,202	906,061	0	1,428,520	44,822	1,389,490	1,389,490	39,030	67,050	2,011,514	39,030
30,202	936,263	0	1,387,952	44,822	1,389,490	1,387,952	0	67,050	2,078,564	0
30,202	936,263	0	1,412,694	44,822	1,389,490	1,389,490	23,204	67,050	2,078,564	23,204
30,202	906,061	0	1,719,378	44,822	1,389,490	1,389,490	329,888	67,050	2,011,514	329,888
30,202	936,263	0	2,503,758	44,822	1,389,490	1,389,490	1,114,269	67,050	2,078,564	1,114,269
35,861	1,075,843	0	2,085,050	44,822	1,389,490	1,389,490	695,561	110,278	3,308,344	695,561
35,861	1,111,704	0	2,344,972	44,822	1,389,490	1,389,490	955,482	110,278	3,418,622	955,482
35,861	1,111,704	0	2,751,471	44,822	1,389,490	1,389,490	1,361,981	110,278	3,418,622	1,361,981
35,861	1,004,120	0	2,203,873	44,822	1,389,490	1,389,490	814,383	110,278	3,087,788	814,383
35,861	1,111,704	0	2,324,941	44,822	1,389,490	1,389,490	935,451	110,278	3,418,622	935,451
30,202	906,061	0	1,406,677	44,822	1,389,490	1,389,490	17,187	67,050	2,011,514	17,187
30,202	936,263	0	1,000,567	44,822	1,389,490	1,000,567	0	67,050	2,078,564	0
30,202	906,061	0	1,458,342	44,822	1,389,490	1,389,490	68,853	67,050	2,011,514	68,853
30,202	936,263	0	1,406,277	44,822	1,389,490	1,389,490	16,788	67,050	2,078,564	16,788
30,202	936,263	0	1,432,561	44,822	1,389,490	1,389,490	43,071	67,050	2,078,564	43,071
30,202	906,061	0	1,743,655	44,822	1,389,490	1,389,490	354,165	67,050	2,011,514	354,165
30,202	936,263	0	2,557,943	44,822	1,389,490	1,389,490	1,168,453	67,050	2,078,564	1,168,453
35,861	1,075,843	0	2,118,037	44,822	1,389,490	1,389,490	728,547	110,278	3,308,344	728,547
35,861	1,111,704	0	2,386,634	44,822	1,389,490	1,389,490	997,145	110,278	3,418,622	997,145
35,861	1,111,704	0	2,742,368	44,822	1,389,490	1,389,490	1,352,878	110,278	3,418,622	1,352,878
35,861	1,004,120	0	2,123,946	44,822	1,389,490	1,389,490	734,456	110,278	3,087,788	734,456
35,861	1,111,704	0	2,338,499	44,822	1,389,490	1,389,490	949,010	110,278	3,418,622	949,010
30,202	906,061	0	1,422,275	44,822	1,389,490	1,389,490	32,785	67,050	2,011,514	32,785
30,202	936,263	0	1,014,108	44,822	1,389,490	1,014,108	0	67,050	2,078,564	0
30,202	906,061	0	1,474,541	44,822	1,389,490	1,389,490	85,051	67,050	2,011,514	85,051
30,202	936,263	0	1,417,186	44,822	1,389,490	1,389,490	27,696	67,050	2,078,564	27,696
30,202	936,263	0	1,443,144	44,822	1,389,490	1,389,490	53,654	67,050	2,078,564	53,654
30,202	906,061	0	1,755,723	44,822	1,389,490	1,389,490	366,233	67,050	2,011,514	366,233
30,202	936,263	0	2,581,203	44,822	1,389,490	1,389,490	1,191,714	67,050	2,078,564	1,191,714
35,861	1,075,843	0	2,133,032	44,822	1,389,490	1,389,490	743,543	110,278	3,308,344	743,543
35,861	1,111,704	0	2,404,761	44,822	1,389,490	1,389,490	1,015,271	110,278	3,418,622	1,015,271
	41,537,337	334,130	79,075,212		51,411,121	50,231,628	28,843,584		107,976,563	28,843,584

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MINNESOTA ENERGY RESOURCES CORPORATION
GLGT Gas Commodity Cost Calculation

Month/ Year	06/01/11 NYMEX Close/ Index *	06/01/11 Projected Basis Emerson	06/01/11 Projected Basis AECO	Projected Price Emerson	Projected Price AECO	GLGT MERC Sales Forecast	0.0372 Company Use	0.70% Lost and Unaccounted for	GLGT MERC Net Sales Forecast	MERC Nexen PSO Injection/ Withdrawal	GLGT MERC Total Net Requirement	GLGT Total Gross Flowing Gas Requirement	GLGT Total Gross AECO Requirement
** Jul-10	\$ 4.4400	\$ (0.2885)	\$ (0.5000)	\$ 4.1515	\$ 3.9400	13,493	7.20	94.45	13,595	36,438	50,032	13,714	36,438
** Aug-10	\$ 4.5110	\$ (0.3005)	\$ (0.5100)	\$ 4.2105	\$ 4.0010	14,602	5.57	102.21	14,710	36,433	51,143	14,839	36,433
** Sep-10	\$ 4.5620	\$ (0.2945)	\$ (0.5100)	\$ 4.2675	\$ 4.0520	29,665	6.15	207.65	29,879	13,571	43,450	30,140	13,571
** Oct-10	\$ 4.6720	\$ (0.2440)	\$ (0.4600)	\$ 4.4280	\$ 4.2120	64,742	11.03	453.19	65,206	14,023	79,229	65,776	14,023
** Nov-10	\$ 5.0950	\$ (0.0460)	\$ (0.4100)	\$ 5.0490	\$ 4.6850	106,137	14.07	742.96	106,894	(13,571)	93,471	107,829	0
** Dec-10	\$ 5.5190	\$ (0.1600)	\$ (0.4800)	\$ 5.3590	\$ 5.0390	147,941	30.24	1,035.59	149,007	(37,246)	112,171	113,153	0
** Jan-11	\$ 4.2160	\$ 0.1050	\$ (0.3218)	\$ 4.3210	\$ 3.8942	161,916.5	56.02	1,133.42	163,106	(37,246)	126,270	127,375	0
** Feb-11	\$ 4.3160	\$ (0.1157)	\$ (0.4143)	\$ 4.2003	\$ 3.9017	135,012.2	51.42	945.09	136,009	(33,641)	102,737	103,636	0
** Mar-11	\$ 3.7930	\$ 0.1950	\$ (0.1520)	\$ 3.9880	\$ 3.6410	115,115.0	67.44	805.81	115,988	(14,024)	102,119	103,012	0
** Apr-11	\$ 4.2400	\$ 0.0550	\$ (0.5053)	\$ 4.2950	\$ 3.7348	69,502.2	46.75	486.52	70,035	21,202	91,238	70,648	21,202
** May-11	\$ 4.3800	\$ (0.1000)	\$ (0.4448)	\$ 4.2800	\$ 3.9352	37,455.5	32.32	262.19	37,750	21,909	59,659	38,080	21,909
** Jun-11	\$ 4.3300	\$ 0.0200	\$ (0.3447)	\$ 4.3500	\$ 3.9853	17,511.3	13.57	122.58	17,647	21,202	38,850	17,802	21,202
** Jul-11	\$ 4.6290	\$ (0.0750)	\$ (0.6150)	\$ 4.5540	\$ 4.0140	13,507.5	7.21	94.55	13,609	21,909	35,518	13,728	21,909
** Aug-11	\$ 4.6670	\$ (0.1100)	\$ (0.6350)	\$ 4.5570	\$ 4.0320	14,625.4	5.57	102.38	14,733	21,911	36,645	14,862	21,911
** Sep-11	\$ 4.6810	\$ (0.1200)	\$ (0.6425)	\$ 4.5610	\$ 4.0385	29,693.3	6.16	207.85	29,907	13,571	43,479	30,169	13,571
** Oct-11	\$ 4.7170	\$ (0.1000)	\$ (0.6275)	\$ 4.6170	\$ 4.0895	64,808.4	11.09	453.66	65,273	14,024	79,297	65,844	14,024
** Nov-11	\$ 4.8490	\$ 0.2000	\$ (0.5100)	\$ 5.0490	\$ 4.3390	106,147.3	14.18	743.03	106,905	(13,571)	93,482	94,300	0
** Dec-11	\$ 5.0460	\$ 0.1500	\$ (0.5800)	\$ 5.1960	\$ 4.4660	147,869.8	30.45	1,035.09	148,935	(37,246)	112,099	113,080	0
** Jan-12	\$ 6.4920	\$ (0.3220)	\$ (0.6000)	\$ 6.1700	\$ 5.8920	162,032	56.19	1,134.22	163,222	(37,246)	126,386	127,492	0
** Feb-12	\$ 6.4290	\$ (0.3220)	\$ (0.6000)	\$ 6.1070	\$ 5.8290	138,431	51.60	969.02	139,452	(33,641)	106,180	107,109	0
** Mar-12	\$ 6.2570	\$ (0.3220)	\$ (0.6000)	\$ 5.9350	\$ 5.6570	115,156	67.59	806.09	116,030	(14,024)	102,160	103,054	0
** Apr-12	\$ 5.7900	\$ (0.1700)	\$ (0.5700)	\$ 5.6200	\$ 5.2200	69,525	46.86	486.67	70,058	21,202	91,260	70,671	21,202
** May-12	\$ 5.7970	\$ (0.1575)	\$ (0.5575)	\$ 5.6395	\$ 5.2395	37,467	32.37	262.27	37,762	21,909	59,671	38,092	21,909
** Jun-12	\$ 5.8360	\$ (0.1825)	\$ (0.5825)	\$ 5.6535	\$ 5.2535	17,518	13.60	122.62	17,654	21,202	38,856	17,808	21,202
** Jul-12	\$ 5.8960	\$ (0.2100)	\$ (0.6100)	\$ 5.6860	\$ 5.2860	13,514	7.21	94.60	13,616	21,909	35,524	13,735	21,909
** Aug-12	\$ 5.9460	\$ (0.2200)	\$ (0.6200)	\$ 5.7260	\$ 5.3260	14,630	5.57	102.41	14,738	21,911	36,649	14,867	21,911
** Sep-12	\$ 5.9780	\$ (0.1875)	\$ (0.5875)	\$ 5.7905	\$ 5.3905	29,696	6.17	207.87	29,910	13,571	43,482	30,172	13,571
** Oct-12	\$ 6.0730	\$ (0.1850)	\$ (0.5850)	\$ 5.8880	\$ 5.4880	64,814	11.13	453.70	65,279	14,024	79,303	65,850	14,024
** Nov-12	\$ 6.3180	\$ (0.2750)	\$ (0.5600)	\$ 6.0430	\$ 5.7580	106,148	14.26	743.04	106,905	(13,571)	93,483	94,301	0
** Dec-12	\$ 6.5850	\$ (0.3020)	\$ (0.5850)	\$ 6.2830	\$ 6.0000	147,865	30.60	1,035.06	148,931	(37,246)	112,095	113,076	0
** Jan-13	\$ 6.7870	\$ (0.3320)	\$ (0.6150)	\$ 6.4550	\$ 6.1720	162,039	56.02	1,134.27	163,229	(37,246)	126,393	127,499	0
** Feb-13	\$ 6.7320	\$ (0.3120)	\$ (0.5950)	\$ 6.4200	\$ 6.1370	135,082	51.42	945.57	136,079	(33,641)	102,808	103,707	0
** Mar-13	\$ 6.5370	\$ (0.2870)	\$ (0.5700)	\$ 6.2500	\$ 5.9670	115,159	67.44	806.11	116,032	(14,024)	102,163	103,057	0
** Apr-13	\$ 6.0620	\$ (0.1245)	\$ (0.5225)	\$ 5.9375	\$ 5.5395	69,526	46.75	486.68	70,060	21,202	91,262	70,673	21,202
** May-13	\$ 6.0470	\$ (0.1745)	\$ (0.5725)	\$ 5.8725	\$ 5.4745	37,468	32.32	262.28	37,763	21,909	59,671	38,093	21,909
** Jun-13	\$ 6.0900	\$ (0.2095)	\$ (0.6075)	\$ 5.8805	\$ 5.4825	17,518	13.57	122.62	17,654	21,202	38,856	17,808	21,202
** Jul-13	\$ 6.1560	\$ (0.2295)	\$ (0.6275)	\$ 5.9265	\$ 5.5285	13,514	7.21	94.60	13,616	21,909	35,525	13,735	21,909
** Aug-13	\$ 6.2110	\$ (0.2395)	\$ (0.6375)	\$ 5.9715	\$ 5.5735	14,630	5.57	102.41	14,738	21,911	36,649	14,867	21,911
** Sep-13	\$ 6.2460	\$ (0.2095)	\$ (0.6075)	\$ 6.0365	\$ 5.6385	29,697	6.16	207.88	29,911	13,571	43,482	30,172	13,571
** Oct-13	\$ 6.3460	\$ (0.2095)	\$ (0.6075)	\$ 6.1365	\$ 5.7385	64,815	11.09	453.70	65,279	14,024	79,303	65,851	14,024
** Nov-13	\$ 6.5810	\$ (0.2770)	\$ (0.6065)	\$ 6.3040	\$ 5.9745	106,148	14.18	743.04	106,906	(13,571)	93,483	94,301	0
** Dec-13	\$ 6.8430	\$ (0.3020)	\$ (0.6015)	\$ 6.5410	\$ 6.2415	147,865	30.45	1,035.05	148,930	(37,246)	112,094	113,075	0
						3,119,999	1,102	21,840	3,142,941	49,649	3,197,628	2,727,055	507,649

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* Actual NYMEX contract close and NNG Indexes.

** Indicative Basis Numbers on 06/1/11.

Storage Fuel %	0.75%	
Transport Fuel %	0.87%	12 Mo. Rolling
Transport Fuel %	1.10%	Average

MINNESOTA ENERGY RESOURCES CORPORATION
GLGT Gas Commodity Cost Calculation

Month/ Year	GLGT Total Gross Requirement	GLGT Total Gross Flowing Gas Cost	GLGT Total Gross AECO Cost	GLGT Total Gross Cost	MERC Projected Gas Cost Per Unit	Flowing Gas Cost	Storage Gas Cost	Sales Gas Cost
Jul-10	50,151	\$ 56,932.02	\$ 143,563.85	\$ 200,495.87	\$ 4.1878	\$ 56,932.02	\$ 0.00	\$ 56,932.02
Aug-10	51,272	\$ 62,477.87	\$ 145,769.35	\$ 208,247.22	\$ 4.2473	\$ 62,477.87	\$ 0.00	\$ 62,477.87
Sep-10	43,712	\$ 128,622.58	\$ 54,991.69	\$ 183,614.28	\$ 4.3048	\$ 128,622.58	\$ 0.00	\$ 128,622.58
Oct-10	79,800	\$ 291,257.25	\$ 59,066.10	\$ 350,323.35	\$ 4.4667	\$ 291,257.25	\$ 0.00	\$ 291,257.25
Nov-10	107,829	\$ 544,428.17	\$ -	\$ 544,428.17	\$ 5.5765	\$ 544,428.17	\$ 51,669.15	\$ 596,097.33
Dec-10	113,153	\$ 606,385.79	\$ -	\$ 606,385.79	\$ 5.0211	\$ 606,385.79	\$ 141,800.81	\$ 748,186.60
Jan-11	127,375	\$ 550,386.74	\$ -	\$ 550,386.74	\$ 4.2438	\$ 550,386.74	\$ 141,800.81	\$ 692,187.55
Feb-11	103,636	\$ 435,304.05	\$ -	\$ 435,304.05	\$ 4.1423	\$ 435,304.05	\$ 128,078.41	\$ 563,382.46
Mar-11	103,012	\$ 410,813.02	\$ -	\$ 410,813.02	\$ 4.0022	\$ 410,813.02	\$ 53,390.86	\$ 464,203.87
Apr-11	91,850	\$ 303,434.25	\$ 79,184.35	\$ 382,618.60	\$ 4.3326	\$ 303,434.25	\$ 0.00	\$ 303,434.25
May-11	59,989	\$ 162,983.71	\$ 86,215.28	\$ 249,198.98	\$ 4.3174	\$ 162,983.71	\$ 0.00	\$ 162,983.71
Jun-11	39,004	\$ 77,438.10	\$ 84,496.53	\$ 161,934.63	\$ 4.3881	\$ 77,438.10	\$ 0.00	\$ 77,438.10
Jul-11	35,637	\$ 62,518.85	\$ 87,941.69	\$ 150,460.54	\$ 4.5938	\$ 62,518.85	\$ 0.00	\$ 62,518.85
Aug-11	36,773	\$ 67,727.30	\$ 88,345.86	\$ 156,073.16	\$ 4.5969	\$ 67,727.30	\$ 0.00	\$ 67,727.30
Sep-11	43,740	\$ 137,600.80	\$ 54,808.48	\$ 192,409.27	\$ 4.6009	\$ 137,600.80	\$ 0.00	\$ 137,600.80
Oct-11	79,868	\$ 304,002.99	\$ 57,349.41	\$ 361,352.40	\$ 4.6574	\$ 304,002.99	\$ 0.00	\$ 304,002.99
Nov-11	94,300	\$ 476,121.94	\$ -	\$ 476,121.94	\$ 4.9529	\$ 476,121.94	\$ 53,361.37	\$ 529,483.32
Dec-11	113,080	\$ 587,565.08	\$ -	\$ 587,565.08	\$ 4.9284	\$ 587,565.08	\$ 146,444.95	\$ 734,010.03
Jan-12	127,492	\$ 786,625.93	\$ -	\$ 786,625.93	\$ 5.7166	\$ 786,625.93	\$ 146,444.95	\$ 933,070.87
Feb-12	107,109	\$ 654,117.43	\$ -	\$ 654,117.43	\$ 5.6392	\$ 654,117.43	\$ 132,273.13	\$ 786,390.56
Mar-12	103,054	\$ 611,625.22	\$ -	\$ 611,625.22	\$ 5.7465	\$ 611,625.22	\$ 55,140.03	\$ 666,765.25
Apr-12	91,873	\$ 397,173.41	\$ 110,674.69	\$ 507,848.10	\$ 5.6692	\$ 397,173.41	\$ 0.00	\$ 397,173.41
May-12	60,001	\$ 214,821.20	\$ 114,790.85	\$ 329,612.05	\$ 5.6888	\$ 214,821.20	\$ 0.00	\$ 214,821.20
Jun-12	39,010	\$ 100,678.57	\$ 111,384.96	\$ 212,063.53	\$ 5.7030	\$ 100,678.57	\$ 0.00	\$ 100,678.57
Jul-12	35,643	\$ 78,095.74	\$ 115,809.60	\$ 193,905.35	\$ 5.7358	\$ 78,095.74	\$ 0.00	\$ 78,095.74
Aug-12	36,778	\$ 85,125.72	\$ 116,698.92	\$ 201,824.64	\$ 5.7761	\$ 85,125.72	\$ 0.00	\$ 85,125.72
Sep-12	43,744	\$ 174,711.85	\$ 73,157.14	\$ 247,868.99	\$ 5.8412	\$ 174,711.85	\$ 0.00	\$ 174,711.85
Oct-12	79,874	\$ 387,725.98	\$ 76,961.39	\$ 464,687.37	\$ 5.9395	\$ 387,725.98	\$ 0.00	\$ 387,725.98
Nov-12	94,301	\$ 569,862.39	\$ -	\$ 569,862.39	\$ 5.9734	\$ 569,862.39	\$ 68,726.64	\$ 638,589.03
Dec-12	113,076	\$ 710,454.28	\$ -	\$ 710,454.28	\$ 6.0368	\$ 710,454.28	\$ 188,613.37	\$ 899,067.66
Jan-13	127,499	\$ 823,007.92	\$ -	\$ 823,007.92	\$ 6.1975	\$ 823,007.92	\$ 188,613.37	\$ 1,011,621.29
Feb-13	103,707	\$ 665,799.70	\$ -	\$ 665,799.70	\$ 6.1447	\$ 665,799.70	\$ 170,360.82	\$ 836,160.52
Mar-13	103,057	\$ 644,103.37	\$ -	\$ 644,103.37	\$ 6.1631	\$ 644,103.37	\$ 71,017.45	\$ 715,120.82
Apr-13	91,875	\$ 419,619.96	\$ 117,448.75	\$ 537,068.71	\$ 5.9895	\$ 419,619.96	\$ 0.00	\$ 419,619.96
May-13	60,002	\$ 223,701.16	\$ 119,939.40	\$ 343,640.56	\$ 5.9239	\$ 223,701.16	\$ 0.00	\$ 223,701.16
Jun-13	39,011	\$ 104,722.68	\$ 116,240.23	\$ 220,962.92	\$ 5.9320	\$ 104,722.68	\$ 0.00	\$ 104,722.68
Jul-13	35,644	\$ 81,401.33	\$ 121,122.47	\$ 202,523.81	\$ 5.9784	\$ 81,401.33	\$ 0.00	\$ 81,401.33
Aug-13	36,778	\$ 88,777.25	\$ 122,121.93	\$ 210,899.19	\$ 6.0237	\$ 88,777.25	\$ 0.00	\$ 88,777.25
Sep-13	43,744	\$ 182,135.39	\$ 76,522.87	\$ 258,658.25	\$ 6.0893	\$ 182,135.39	\$ 0.00	\$ 182,135.39
Oct-13	79,874	\$ 404,092.00	\$ 80,474.29	\$ 484,566.29	\$ 6.1902	\$ 404,092.00	\$ 0.00	\$ 404,092.00
Nov-13	94,301	\$ 594,475.15	\$ -	\$ 594,475.15	\$ 6.2551	\$ 594,475.15	\$ 74,228.83	\$ 668,703.98
Dec-13	113,075	\$ 739,624.16	\$ -	\$ 739,624.16	\$ 6.3341	\$ 739,624.16	\$ 203,713.57	\$ 943,337.73
	3,234,704	\$ 15,008,478.33	\$ 2,415,080.08	\$ 17,423,558.41	\$ 5.3864	\$ 15,008,478.33	\$ 2,015,678.51	\$ 17,024,156.84
		\$ 5.5035	\$ 4.7574	\$ 5.3864		\$ 5.5035	3.9706	5.2630

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MINNESOTA ENERGY RESOURCES CORPORATION
VGT Gas Commodity Cost Calculation

Month/ Year	06/01/11 NYMEX Close/ Index *	06/01/11 Projected Basis Emerson	06/01/11 Projected Basis AECO	Projected Price Emerson	Projected Price AECO	VGT MERC Sales Forecast	0.0339 Company Use	0.70% Lost and Unaccounted for	VGT MERC Sales Forecast	MERC Nexen PSO Injection/ Withdrawal	VGT MERC Total Net Requirement	
** Jul-10	\$ 4.4400	\$ (0.2885)	\$ (0.5000)	\$ 4.1515	\$ 3.9400	13,534	6.56	94.74	13,635	34,300	47,935	
** Aug-10	\$ 4.5110	\$ (0.3005)	\$ (0.5100)	\$ 4.2105	\$ 4.0010	13,678	5.07	95.75	13,779	34,296	48,075	
** Sep-10	\$ 4.5620	\$ (0.2945)	\$ (0.5100)	\$ 4.2675	\$ 4.0520	26,205	5.60	183.43	26,394	12,775	39,169	
** Oct-10	\$ 4.6720	\$ (0.2440)	\$ (0.4600)	\$ 4.4280	\$ 4.2120	55,571	10.05	389.00	55,970	13,201	69,171	
** Nov-10	\$ 5.0950	\$ (0.0460)	\$ (0.4100)	\$ 5.0490	\$ 4.6850	88,933	12.82	622.53	89,568	(12,775)	76,933	
** Dec-10	\$ 5.5190	\$ (0.1600)	\$ (0.4800)	\$ 5.3590	\$ 5.0390	122,843	27.55	859.90	123,730	(35,061)	89,055	
** Jan-11	\$ 4.2160	\$ 0.1050	\$ (0.6050)	\$ 4.3210	\$ 3.6110	134,324.6	51.05	940.27	135,316	(35,061)	100,641	
** Feb-11	\$ 4.3160	\$ (0.1157)	\$ (0.5950)	\$ 4.2003	\$ 3.7210	112,132.3	46.86	784.93	112,964	(31,668)	81,645	
** Mar-11	\$ 3.7930	\$ 0.1950	\$ (0.5300)	\$ 3.9880	\$ 3.2630	96,350.4	61.45	674.45	97,086	(13,201)	84,030	
** Apr-11	\$ 4.2400	\$ 0.0550	\$ (0.5050)	\$ 4.2950	\$ 3.7350	59,269.0	42.60	414.88	59,726	19,958	79,685	
** May-11	\$ 4.3800	\$ (0.1000)	\$ (0.5450)	\$ 4.2800	\$ 3.8350	33,916.7	29.45	237.42	34,184	20,624	54,807	
** Jun-11	\$ 4.3300	\$ 0.0200	\$ (0.5300)	\$ 4.3500	\$ 3.8000	17,596.0	12.37	123.17	17,732	19,958	37,690	
** Jul-11	\$ 4.6290	\$ (0.0750)	\$ (0.5775)	\$ 4.5540	\$ 4.0515	13,533.8	6.57	94.74	13,635	20,624	34,259	
** Aug-11	\$ 4.6670	\$ (0.1100)	\$ (0.5800)	\$ 4.5570	\$ 4.0870	13,678.1	5.07	95.75	13,779	20,626	34,405	
** Sep-11	\$ 4.6810	\$ (0.1200)	\$ (0.5550)	\$ 4.5610	\$ 4.1260	26,204.7	5.62	183.43	26,394	12,775	39,169	
** Oct-11	\$ 4.7170	\$ (0.1000)	\$ (0.5150)	\$ 4.6170	\$ 4.2020	55,571.0	10.11	389.00	55,970	13,201	69,171	
** Nov-11	\$ 4.8490	\$ 0.2000	\$ (0.5450)	\$ 5.0490	\$ 4.3040	88,932.9	12.92	622.53	89,568	(12,775)	76,933	
** Dec-11	\$ 5.0460	\$ 0.1500	\$ (0.5575)	\$ 5.1960	\$ 4.4885	122,842.6	27.75	859.90	123,730	(35,061)	89,055	
** Jan-12	\$ 6.4920	\$ (0.3220)	\$ (0.6000)	\$ 6.1700	\$ 5.8920	134,325	51.20	940.27	135,316	(35,061)	100,641	
** Feb-12	\$ 6.4290	\$ (0.3220)	\$ (0.6000)	\$ 6.1070	\$ 5.8290	114,967	47.02	804.77	115,819	(31,668)	84,500	
** Mar-12	\$ 6.2570	\$ (0.3220)	\$ (0.6000)	\$ 5.9350	\$ 5.6570	96,350	61.60	674.45	97,086	(13,201)	84,030	
** Apr-12	\$ 5.7900	\$ (0.1700)	\$ (0.5700)	\$ 5.6200	\$ 5.2200	59,269	42.70	414.88	59,727	19,958	79,685	
** May-12	\$ 5.7970	\$ (0.1575)	\$ (0.5575)	\$ 5.6395	\$ 5.2395	33,917	29.50	237.42	34,184	20,624	54,807	
** Jun-12	\$ 5.8360	\$ (0.1825)	\$ (0.5825)	\$ 5.6535	\$ 5.2535	17,596	12.39	123.17	17,732	19,958	37,690	
** Jul-12	\$ 5.8960	\$ (0.2100)	\$ (0.6100)	\$ 5.6860	\$ 5.2860	13,534	6.57	94.74	13,635	20,624	34,259	
** Aug-12	\$ 5.9460	\$ (0.2200)	\$ (0.6200)	\$ 5.7260	\$ 5.3260	13,678	5.07	95.75	13,779	20,626	34,405	
** Sep-12	\$ 5.9780	\$ (0.1875)	\$ (0.5875)	\$ 5.7905	\$ 5.3905	26,205	5.62	183.43	26,394	12,775	39,169	
** Oct-12	\$ 6.0730	\$ (0.1850)	\$ (0.5850)	\$ 5.8880	\$ 5.4880	55,571	10.14	389.00	55,970	13,201	69,171	
** Nov-12	\$ 6.3180	\$ (0.2750)	\$ (0.5600)	\$ 6.0430	\$ 5.7580	88,933	12.99	622.53	89,568	(12,775)	76,934	
** Dec-12	\$ 6.5850	\$ (0.3020)	\$ (0.5850)	\$ 6.2830	\$ 6.0000	122,843	27.88	859.90	123,730	(35,061)	89,055	
** Jan-13	\$ 6.7870	\$ (0.3320)	\$ (0.6150)	\$ 6.4550	\$ 6.1720	134,325	51.05	940.27	135,316	(35,061)	100,641	
** Feb-13	\$ 6.7320	\$ (0.3120)	\$ (0.5950)	\$ 6.4200	\$ 6.1370	112,132	46.86	784.93	112,964	(31,668)	81,645	
** Mar-13	\$ 6.5370	\$ (0.2870)	\$ (0.5700)	\$ 6.2500	\$ 5.9670	96,350	61.45	674.45	97,086	(13,201)	84,030	
** Apr-13	\$ 6.0620	\$ (0.1245)	\$ (0.5225)	\$ 5.9375	\$ 5.5395	59,269	42.60	414.88	59,726	19,958	79,685	
** May-13	\$ 6.0470	\$ (0.1745)	\$ (0.5725)	\$ 5.8725	\$ 5.4745	33,917	29.45	237.42	34,184	20,624	54,807	
** Jun-13	\$ 6.0900	\$ (0.2095)	\$ (0.6075)	\$ 5.8805	\$ 5.4825	17,596	12.37	123.17	17,732	19,958	37,690	
** Jul-13	\$ 6.1560	\$ (0.2295)	\$ (0.6275)	\$ 5.9265	\$ 5.5285	13,534	6.57	94.74	13,635	20,624	34,259	
** Aug-13	\$ 6.2110	\$ (0.2395)	\$ (0.6375)	\$ 5.9715	\$ 5.5735	13,678	5.07	95.75	13,779	20,626	34,405	
** Sep-13	\$ 6.2460	\$ (0.2095)	\$ (0.6075)	\$ 6.0365	\$ 5.6385	26,205	5.62	183.43	26,394	12,775	39,169	
** Oct-13	\$ 6.3460	\$ (0.2095)	\$ (0.6075)	\$ 6.1365	\$ 5.7385	55,571	10.11	389.00	55,970	13,201	69,171	
** Nov-13	\$ 6.5810	\$ (0.2770)	\$ (0.6065)	\$ 6.3040	\$ 5.9745	88,933	12.92	622.53	89,568	(12,775)	76,933	
** Dec-13	\$ 6.8430	\$ (0.3020)	\$ (0.6015)	\$ 6.5410	\$ 6.2415	122,843	27.75	859.90	123,730	(35,061)	89,055	
						2,646,654	1,004	18,527	2,666,185	46,736	2,717,664	
						SUMG	SUMG					

* Actual NYMEX contract close and NNG Indexes.

** Indicative Basis Numbers on 06/1/11.

Storage Fuel %	0.00%
Transport Fuel %	1.02%
Transport Fuel %	1.10%

MINNESOTA ENERGY RESOURCES CORPORATION
VGT Gas Commodity Cost Calculation

Month/ Year	VGT Total Gross Flowing Gas Requirement	VGT Total Gross AECO Requirement	VGT Total Gross Requirement	VGT Total Gross Flowing Gas Cost	VGT Total Gross AECO Cost	VGT Total Gross Cost	VGT Projected Gas Cost Per Unit	VGT Flowing Gas Cost	VGT Storage Gas Cost	VGT Sales Gas Cost
Jul-10	13,776	34,300	48,076	\$ 57,189.45	\$ 135,142.51	\$ 192,331.96	\$ 4.1943	\$ 57,189.45	\$ 0.00	\$ 57,189.45
Aug-10	13,921	34,296	48,217	\$ 58,614.00	\$ 137,218.64	\$ 195,832.64	\$ 4.2539	\$ 58,614.00	\$ 0.00	\$ 58,614.00
Sep-10	26,666	12,775	39,441	\$ 113,795.99	\$ 51,765.92	\$ 165,561.91	\$ 4.3115	\$ 113,795.99	\$ 0.00	\$ 113,795.99
Oct-10	56,547	13,201	69,748	\$ 250,389.36	\$ 55,601.32	\$ 305,990.69	\$ 4.4736	\$ 250,389.36	\$ 0.00	\$ 250,389.36
Nov-10	77,726	0	77,726	\$ 392,439.52	\$ -	\$ 392,439.52	\$ 4.9245	\$ 392,439.52	\$ 48,638.28	\$ 441,077.80
Dec-10	89,973	0	89,973	\$ 482,163.36	\$ -	\$ 482,163.36	\$ 4.9757	\$ 482,163.36	\$ 133,482.88	\$ 615,646.24
Jan-11	101,678	0	101,678	\$ 439,350.19	\$ -	\$ 439,350.19	\$ 4.2333	\$ 439,350.19	\$ 133,482.88	\$ 572,833.07
Feb-11	82,486	0	82,486	\$ 346,465.51	\$ -	\$ 346,465.51	\$ 4.1343	\$ 346,465.51	\$ 120,565.43	\$ 467,030.94
Mar-11	84,896	0	84,896	\$ 338,566.70	\$ -	\$ 338,566.70	\$ 4.0049	\$ 338,566.70	\$ 50,258.99	\$ 388,825.69
Apr-11	60,342	19,958	80,300	\$ 259,168.78	\$ 74,544.45	\$ 333,713.22	\$ 4.3393	\$ 259,168.78	\$ 0.00	\$ 259,168.78
May-11	34,536	20,624	55,159	\$ 147,813.36	\$ 79,091.47	\$ 226,904.83	\$ 4.3241	\$ 147,813.36	\$ 0.00	\$ 147,813.36
Jun-11	17,914	19,958	37,873	\$ 77,927.06	\$ 75,841.74	\$ 153,768.81	\$ 4.3948	\$ 77,927.06	\$ 0.00	\$ 77,927.06
Jul-11	13,776	20,624	34,399	\$ 62,734.16	\$ 83,556.48	\$ 146,290.64	\$ 4.6009	\$ 62,734.16	\$ 0.00	\$ 62,734.16
Aug-11	13,921	20,626	34,547	\$ 63,437.59	\$ 84,297.98	\$ 147,735.58	\$ 4.6040	\$ 63,437.59	\$ 0.00	\$ 63,437.59
Sep-11	26,666	12,775	39,441	\$ 121,622.44	\$ 52,711.30	\$ 174,333.75	\$ 4.6080	\$ 121,622.44	\$ 0.00	\$ 121,622.44
Oct-11	56,547	13,201	69,748	\$ 261,076.95	\$ 55,470.45	\$ 316,547.40	\$ 4.6646	\$ 261,076.95	\$ 0.00	\$ 261,076.95
Nov-11	77,726	0	77,726	\$ 392,440.04	\$ -	\$ 392,440.04	\$ 4.9423	\$ 392,440.04	\$ 50,231.24	\$ 442,671.28
Dec-11	89,973	0	89,973	\$ 467,498.83	\$ -	\$ 467,498.83	\$ 4.8925	\$ 467,498.83	\$ 137,854.60	\$ 605,353.43
Jan-12	101,678	0	101,678	\$ 627,353.59	\$ -	\$ 627,353.59	\$ 5.6550	\$ 627,353.59	\$ 137,854.60	\$ 765,208.19
Feb-12	85,370	0	85,370	\$ 521,356.57	\$ -	\$ 521,356.57	\$ 5.5765	\$ 521,356.57	\$ 124,514.09	\$ 645,870.66
Mar-12	84,896	0	84,896	\$ 503,859.97	\$ -	\$ 503,859.97	\$ 5.7244	\$ 503,859.97	\$ 51,905.56	\$ 555,765.53
Apr-12	60,342	19,958	80,300	\$ 339,122.47	\$ 104,182.60	\$ 443,305.07	\$ 5.6779	\$ 339,122.47	\$ 0.00	\$ 339,122.47
May-12	34,536	20,624	55,159	\$ 194,765.09	\$ 108,057.31	\$ 302,822.40	\$ 5.6976	\$ 194,765.09	\$ 0.00	\$ 194,765.09
Jun-12	17,914	19,958	37,873	\$ 101,278.43	\$ 104,851.21	\$ 206,129.64	\$ 5.7118	\$ 101,278.43	\$ 0.00	\$ 101,278.43
Jul-12	13,776	20,624	34,399	\$ 78,328.18	\$ 109,016.30	\$ 187,344.48	\$ 5.7446	\$ 78,328.18	\$ 0.00	\$ 78,328.18
Aug-12	13,921	20,626	34,547	\$ 79,711.16	\$ 109,853.45	\$ 189,564.61	\$ 5.7850	\$ 79,711.16	\$ 0.00	\$ 79,711.16
Sep-12	26,666	12,775	39,441	\$ 154,408.01	\$ 68,865.80	\$ 223,273.81	\$ 5.8502	\$ 154,408.01	\$ 0.00	\$ 154,408.01
Oct-12	56,547	13,201	69,748	\$ 332,948.26	\$ 72,446.89	\$ 405,395.15	\$ 5.9487	\$ 332,948.26	\$ 0.00	\$ 332,948.26
Nov-12	77,726	0	77,726	\$ 469,700.41	\$ -	\$ 469,700.41	\$ 5.9663	\$ 469,700.41	\$ 64,695.19	\$ 534,395.59
Dec-12	89,973	0	89,973	\$ 565,300.16	\$ -	\$ 565,300.16	\$ 6.0038	\$ 565,300.16	\$ 177,549.46	\$ 742,849.62
Jan-13	101,678	0	101,678	\$ 656,330.82	\$ -	\$ 656,330.82	\$ 6.1625	\$ 656,330.82	\$ 177,549.46	\$ 833,880.28
Feb-13	82,486	0	82,486	\$ 529,559.45	\$ -	\$ 529,559.45	\$ 6.1075	\$ 529,559.45	\$ 160,367.58	\$ 689,927.03
Mar-13	84,896	0	84,896	\$ 530,601.43	\$ -	\$ 530,601.43	\$ 6.1538	\$ 530,601.43	\$ 66,851.63	\$ 597,453.05
Apr-13	60,342	19,958	80,300	\$ 358,280.47	\$ 110,559.30	\$ 468,839.76	\$ 5.9987	\$ 358,280.47	\$ 0.00	\$ 358,280.47
May-13	34,536	20,624	55,159	\$ 202,811.67	\$ 112,903.85	\$ 315,715.52	\$ 5.9330	\$ 202,811.67	\$ 0.00	\$ 202,811.67
Jun-13	17,914	19,958	37,873	\$ 105,344.85	\$ 109,421.67	\$ 214,766.52	\$ 5.9411	\$ 105,344.85	\$ 0.00	\$ 105,344.85
Jul-13	13,776	20,624	34,399	\$ 81,641.20	\$ 114,017.52	\$ 195,658.72	\$ 5.9876	\$ 81,641.20	\$ 0.00	\$ 81,641.20
Aug-13	13,921	20,626	34,547	\$ 83,128.72	\$ 114,958.36	\$ 198,087.08	\$ 6.0330	\$ 83,128.72	\$ 0.00	\$ 83,128.72
Sep-13	26,666	12,775	39,441	\$ 160,967.74	\$ 72,034.10	\$ 233,001.84	\$ 6.0987	\$ 160,967.74	\$ 0.00	\$ 160,967.74
Oct-13	56,547	13,201	69,748	\$ 346,999.93	\$ 75,753.73	\$ 422,753.67	\$ 6.1997	\$ 346,999.93	\$ 0.00	\$ 346,999.93
Nov-13	77,726	0	77,726	\$ 489,986.53	\$ -	\$ 489,986.53	\$ 6.2507	\$ 489,986.53	\$ 69,874.62	\$ 559,861.15
Dec-13	89,973	0	89,973	\$ 588,512.29	\$ -	\$ 588,512.29	\$ 6.3063	\$ 588,512.29	\$ 191,763.89	\$ 780,276.18
	2,262,874	477,871	2,740,745	\$ 12,434,990.67	\$ 2,272,164.36	\$ 14,707,155.03	\$ 5.3661	\$ 12,434,990.67	\$ 1,897,440.38	\$ 14,332,431.06
				\$ 5.4952	\$ 4.7548	\$ 5.3661		\$ 5.4952	\$ 3.9706	\$ 5.2294

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MINNESOTA ENERGY RESOURCES CORPORATION
NMU Gas Commodity Cost Calculation

Month/ Year	06/01/11 NYMEX Close/ Index *	06/01/11 Projected Basis NNG Demarc	06/01/11 Projected Basis CIG	Projected Premium/ Gathering Cost	06/01/11 Projected Basis NNG Vent	06/01/11 Projected Basis Emerson	06/01/11 Projected Basis AECO	Projected Price NNG Demarc	Projected Price Bison	Projected Price NNG Vent	Projected Price Emerson	Projected Price AECO	NMU MERC Sales Forecast	1.0000 Company Use	0.70% Lost and Unaccounted for	NMU MERC Net Sales Forecast	NMU NNG Net Sales Forecast	NMU GLGT Net Sales Forecast	NMU VGT Net Sales Forecast	NMU Centra Net Sales Forecast	NMU Total Net Emerson Forecast	NMU MERC Net Sales Forecast
** Jul-10	\$ 4,440	\$ (0.1430)	\$ (0.3925)	\$ 0.3950	\$ (0.0285)	\$ (0.2885)	\$ (0.5000)	\$ 4,2970	\$ 4,4425	\$ 4,4115	\$ 4,1515	\$ 3,9400	97,744	68.60		98,496	38,955	24,732	18,862	15,947	59,541	98,496
** Aug-10	\$ 4,510	\$ (0.1270)	\$ (0.3775)	\$ 0.3950	\$ (0.0330)	\$ (0.3005)	\$ (0.5100)	\$ 4,3840	\$ 4,5285	\$ 4,4780	\$ 4,2105	\$ 4,0010	106,853	32.30	746.57	107,432	42,489	26,976	20,573	17,393	64,943	107,432
** Sep-10	\$ 4,5620	\$ (0.0940)	\$ (0.4700)	\$ 0.3950	\$ (0.0520)	\$ (0.2945)	\$ (0.5100)	\$ 4,4680	\$ 4,4870	\$ 4,5100	\$ 4,2675	\$ 4,0520	208,487	25.50	1,454.41	209,972	83,044	52,724	40,210	39,994	126,928	209,972
** Oct-10	\$ 4,6720	\$ (0.1920)	\$ (0.5225)	\$ 0.3950	\$ (0.0490)	\$ (0.2440)	\$ (0.4600)	\$ 4,4800	\$ 4,5445	\$ 4,6230	\$ 4,4280	\$ 4,2120	452,961	129.80	3,170.73	456,261	180,451	114,567	87,374	73,869	275,810	456,261
** Nov-10	\$ 5,0950	\$ (0.5295)	\$ (0.4825)	\$ 0.3950	\$ (0.0510)	\$ (0.0460)	\$ (0.4100)	\$ 4,5655	\$ 5,0075	\$ 5,0440	\$ 5,0490	\$ 4,6850	719,461	304.10	5,036.22	724,801	286,659	181,997	138,799	117,345	438,142	724,801
** Dec-10	\$ 5,5190	\$ (0.5450)	\$ (0.3425)	\$ 0.3950	\$ (0.0100)	\$ (0.1600)	\$ (0.4800)	\$ 4,9740	\$ 5,5715	\$ 5,5090	\$ 5,3590	\$ 5,0390	1,039,195	462.60	7,274.36	1,046,932	414,061	262,885	200,487	169,498	632,870	1,046,932
** Jan-11	\$ 4,2160	\$ (0.0240)	\$ (0.3525)	\$ 0.3950	\$ 0.0340	\$ 0.1050	\$ (0.6050)	\$ 4,2400	\$ 4,2585	\$ 4,2500	\$ 4,2310	\$ 3,6110	1,182,320.9	667.50	8,276.25	1,191,265	471,145	299,127	228,127	192,866	720,119	1,191,265
** Feb-11	\$ 4,3160	\$ (0.1940)	\$ (0.3525)	\$ 0.3950	\$ 0.1840	\$ (0.1157)	\$ (0.5950)	\$ 4,5100	\$ 4,3585	\$ 4,5000	\$ 4,2003	\$ 3,7210	987,917.7	706.70	6,915.42	995,540	393,736	299,127	190,646	161,178	601,804	995,540
** Mar-11	\$ 3,7930	\$ (0.1270)	\$ (0.3650)	\$ 0.3950	\$ 0.0870	\$ 0.1950	\$ (0.5300)	\$ 3,9200	\$ 3,8230	\$ 3,8800	\$ 3,9880	\$ 3,2630	820,194.4	607.60	5,741.36	826,543	326,898	207,545	158,283	133,817	499,645	826,543
** Apr-11	\$ 4,2400	\$ (0.0800)	\$ (0.4625)	\$ 0.3950	\$ 0.0900	\$ 0.0550	\$ (0.5050)	\$ 4,3200	\$ 4,1725	\$ 4,3300	\$ 4,2950	\$ 3,7350	496,712.8	482.30	3,476.99	500,672	198,016	125,719	95,879	81,059	302,656	500,672
** May-11	\$ 4,3800	\$ (0.0770)	\$ (0.4625)	\$ 0.3950	\$ (0.0770)	\$ (0.1000)	\$ (0.5450)	\$ 4,3030	\$ 4,3125	\$ 4,3030	\$ 4,2800	\$ 3,8350	284,101.3	277.90	1,988.71	286,368	113,259	71,907	54,839	46,363	173,109	286,368
** Jun-11	\$ 4,3300	\$ (0.0260)	\$ (0.4625)	\$ 0.3950	\$ (0.0360)	\$ 0.0200	\$ (0.5300)	\$ 4,3040	\$ 4,2625	\$ 4,2940	\$ 4,3500	\$ 3,8000	125,852.9	151.30	880.97	126,885	50,183	31,861	24,299	20,543	76,702	126,885
** Jul-11	\$ 4,6290	\$ (0.0330)	\$ (0.4625)	\$ 0.3950	\$ 0.0100	\$ (0.0750)	\$ (0.5775)	\$ 4,5960	\$ 4,5615	\$ 4,6390	\$ 4,5540	\$ 4,0515	80,858.9	69.00	566.01	81,494	32,231	20,463	15,606	13,194	49,263	81,494
** Aug-11	\$ 4,6670	\$ (0.0430)	\$ (0.4625)	\$ 0.3950	\$ (0.0025)	\$ (0.1100)	\$ (0.5800)	\$ 4,6240	\$ 4,5995	\$ 4,6645	\$ 4,5570	\$ 4,0870	92,705.0	32.50	648.94	93,386	36,934	23,449	17,884	15,119	56,452	93,386
** Sep-11	\$ 4,6810	\$ (0.0380)	\$ (0.4625)	\$ 0.3950	\$ (0.0150)	\$ (0.1200)	\$ (0.5550)	\$ 4,6430	\$ 4,6135	\$ 4,6660	\$ 4,5610	\$ 4,1260	196,964.4	26.00	1,378.75	198,369	78,455	49,810	37,988	32,116	119,914	198,369
** Oct-11	\$ 4,7170	\$ (0.0400)	\$ (0.4625)	\$ 0.3950	\$ (0.0200)	\$ (0.1000)	\$ (0.5150)	\$ 4,6770	\$ 4,6495	\$ 4,6970	\$ 4,6170	\$ 4,2020	443,442.2	131.60	3,104.10	446,678	176,661	112,161	85,539	72,317	270,017	446,678
** Nov-11	\$ 4,8490	\$ (0.0400)	\$ (0.5325)	\$ 0.3950	\$ 0.1025	\$ 0.2000	\$ (0.5450)	\$ 4,8890	\$ 4,7115	\$ 4,9515	\$ 5,0490	\$ 4,3040	711,597.4	307.10	4,981.18	716,886	283,528	180,010	137,284	116,064	433,357	716,886
** Dec-11	\$ 5,0460	\$ (0.0400)	\$ (0.3600)	\$ 0.3950	\$ 0.1025	\$ 0.1500	\$ (0.5575)	\$ 5,0860	\$ 5,0810	\$ 5,1485	\$ 5,1960	\$ 4,4885	1,032,699.1	467.80	7,228.89	1,040,396	411,477	261,243	199,236	168,440	628,919	1,040,396
** Jan-12	\$ 6,4920	\$ (0.0920)	\$ (0.3425)	\$ 0.3950	\$ (0.0720)	\$ (0.3220)	\$ (0.6000)	\$ 6,4000	\$ 6,5445	\$ 6,4200	\$ 6,1700	\$ 5,8920	1,176,955	669.70	8,238.69	1,185,863	469,009	297,770	227,093	191,991	716,854	1,185,863
** Feb-12	\$ 6,4290	\$ (0.0920)	\$ (0.3425)	\$ 0.3950	\$ (0.0720)	\$ (0.3220)	\$ (0.6000)	\$ 6,3370	\$ 6,4815	\$ 6,3570	\$ 6,1070	\$ 5,8290	1,009,312	708.90	7,065.18	1,017,096	402,257	255,390	194,772	164,666	614,828	1,017,096
** Mar-12	\$ 6,2670	\$ (0.0920)	\$ (0.3225)	\$ 0.3950	\$ (0.0720)	\$ (0.3220)	\$ (0.6000)	\$ 6,1650	\$ 6,3295	\$ 6,1850	\$ 5,9350	\$ 5,6570	816,533	609.60	5,715.73	822,858	325,440	206,620	157,577	133,221	497,418	822,858
** Apr-12	\$ 5,7900	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.1700)	\$ (0.5700)	\$ 5,6025	\$ 5,7200	\$ 5,5900	\$ 5,6200	\$ 5,2200	493,688	483.80	3,455.81	497,627	196,812	124,954	95,296	80,566	300,816	497,627
** May-12	\$ 5,7970	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.1575)	\$ (0.5575)	\$ 5,6095	\$ 5,7270	\$ 5,5970	\$ 5,6395	\$ 5,2395	281,602	278.70	1,971.22	283,852	112,264	71,275	54,358	45,956	171,589	283,852
** Jun-12	\$ 5,8360	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.1825)	\$ (0.5825)	\$ 5,6485	\$ 5,7660	\$ 5,6360	\$ 5,6535	\$ 5,2535	123,789	151.70	866.52	124,807	49,361	31,339	23,901	20,206	75,446	124,807
** Jul-12	\$ 5,8960	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.2100)	\$ (0.6100)	\$ 5,7085	\$ 5,8260	\$ 5,6960	\$ 5,6860	\$ 5,2860	79,154	69.10	554.08	79,777	31,552	20,032	15,277	12,916	48,225	79,777
** Aug-12	\$ 5,9460	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.2200)	\$ (0.6200)	\$ 5,7585	\$ 5,8760	\$ 5,7460	\$ 5,7260	\$ 5,3260	91,296	32.60	639.07	91,968	36,373	23,093	17,612	14,890	55,595	91,968
** Sep-12	\$ 5,9780	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.1875)	\$ (0.5875)	\$ 5,7905	\$ 5,9080	\$ 5,7780	\$ 5,7905	\$ 5,3905	195,801	26.20	1,370.60	197,198	77,992	49,516	37,631	31,926	119,206	197,198
** Oct-12	\$ 6,0730	\$ (0.1875)	\$ (0.4650)	\$ 0.3950	\$ (0.2000)	\$ (0.1850)	\$ (0.5850)	\$ 5,8855	\$ 6,0030	\$ 5,8730	\$ 5,8880	\$ 5,4880	442,481	132.20	3,097.37	445,710	176,278	111,918	85,354	72,161	269,432	445,710
** Nov-12	\$ 6,3180	\$ (0.1875)	\$ (0.3700)	\$ 0.3950	\$ (0.0925)	\$ (0.2750)	\$ (0.5600)	\$ 6,1305	\$ 6,3430	\$ 6,2255	\$ 6,0430	\$ 5,7580	710,803	308.10	4,975.62	716,087	283,212	179,809	137,311	115,934	432,875	716,087
** Dec-12	\$ 6,5850	\$ (0.1895)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ (0.3020)	\$ (0.5850)	\$ 6,3955	\$ 6,6100	\$ 6,4905	\$ 6,2830	\$ 6,0000	1,032,043	469.80	7,224.30	1,039,737	411,216	261,078	199,110	168,333	628,521	1,039,737
** Jan-13	\$ 6,7870	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ (0.3320)	\$ (0.6150)	\$ 6,6925	\$ 6,8120	\$ 6,6925	\$ 6,4550	\$ 6,1720	1,176,413	667.50	8,234.89	1,189,315	468,792	297,633	226,998	191,903	716,523	1,189,315
** Feb-13	\$ 6,7320	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ (0.3120)	\$ (0.5950)	\$ 6,6375	\$ 6,7570	\$ 6,6375	\$ 6,4200	\$ 6,1370	983,037	706.70	6,881.26	990,625	391,792	248,746	189,705	160,382	598,833	990,625
** Mar-13	\$ 6,5370	\$ (0.0945)	\$ (0.3700)	\$ 0.3950	\$ (0.0945)	\$ (0.2870)	\$ (0.5700)	\$ 6,4425	\$ 6,5620	\$ 6,4425	\$ 6,2500	\$ 5,9670	816,163	607.60	5,713.14	822,483	325,292	206,526	157,506	133,160	497,191	822,483
** Apr-13	\$ 6,0620	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.1245)	\$ (0.5225)	\$ 5,8525	\$ 5,9570	\$ 5,8600	\$ 5,9375	\$ 5,5395	493,382	272.30	3,453.68	497,318	196,689	124,877	95,236	80,516	300,629	497,318
** May-13	\$ 6,0470	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.1745)	\$ (0.5725)	\$ 5,8375	\$ 5,9420	\$ 5,8450	\$ 5,8725	\$ 5,4745	281,350	487.90	1,969.45	283,597	112,163	71,211	54,309	45,914	171,435	283,597
** Jun-13	\$ 6,0900	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.2095)	\$ (0.6075)	\$ 5,8905	\$ 5,9950	\$ 5,8980	\$ 5,8905	\$ 5,4825	123,580	151.30	865.06	124,596	49,278	31,286	23,860	20,172	75,319	124,596
** Jul-13	\$ 6,1560	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.2295)	\$ (0.6275)	\$ 5,9465	\$ 6,0510	\$ 5,9540	\$ 5,9265	\$ 5,5285	78,981	69.00	552.87	79,603	31,483	19,988	15,244	12,888	48,120	79,603
** Aug-13	\$ 6,2110	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.2385)	\$ (0.6375)	\$ 6,0015	\$ 6,1060	\$ 6,0090	\$ 5,9715	\$ 5,5735	91,154	32.50	638.08	91,826	36,317	23,057	17,584	15,825	56,508	91,826
** Sep-13	\$ 6,2460	\$ (0.2095)	\$ (0.5000)	\$ 0.3950	\$ (0.2020)	\$ (0.2095)	\$ (0.6075)	\$ 6,0365	\$ 6,1410	\$ 6,0440	\$ 6,0365	\$ 5,6385	195,683	26.00	1,369.78	197,079	77,945	49,487	37,741	31,907	119,134	197,079
** Oct-13	\$ 6,3460	\$ (0.2095																				

MINNESOTA ENERGY RESOURCES CORPORATION
 NMU Gas Commodity Cost Calculation

Month/ Year	NMU Gross NNG Storage Injection/ Withdrawal	NMU Gross Nexen PSO Injection/ Withdrawal	NMU Storage/PSO Injection/ Withdrawal	NMU NNG Gross Total Gas Requirement	NMU GLGT Gross Flowing Gas Requirement	NMU VGT Gross Flowing Gas Requirement	NMU Centra Gross Flowing Gas Requirement	NMU Gross Emerson Requirement	NMU Total Gross Requirement	NMU Requirement Demarc Cost	NMU Requirement Bison Cost	NMU Requirement Ventura Cost	NMU Requirement Total NNG Cost	NMU Gross NNG Storage Cost	NMU Gross Emerson Cost	NMU Gross Flowing Gas Cost	NMU Emerson Injection Nexen PSO Cost
Jul-10	97,063	183,714	280,777	138,003	24,949	19,056	15,947	243,666	381,670	\$ 37,764.18	\$ -	\$ 570,031.32	\$ 607,795.50	\$ 427,484.13	\$ 972,724.64	\$ 248,890.12	\$ 723,834.52
Aug-10	97,063	183,693	280,755	141,547	27,212	20,785	17,393	249,083	390,630	\$ 38,528.78	\$ -	\$ 594,492.03	\$ 633,020.81	\$ 434,079.64	\$ 1,010,282.10	\$ 275,327.67	\$ 734,954.43
Sep-10	93,931	68,426	162,358	179,019	53,185	40,624	33,994	196,230	375,249	\$ 38,000.34	\$ -	\$ 769,020.07	\$ 807,020.41	\$ 423,443.58	\$ 822,664.62	\$ 545,402.04	\$ 377,262.58
Oct-10	97,063	70,704	167,767	279,882	115,570	88,274	73,869	348,417	628,299	\$ 39,372.48	\$ -	\$ 1,253,267.34	\$ 1,292,639.82	\$ 448,284.80	\$ 1,527,517.59	\$ 1,229,712.27	\$ 297,805.32
Nov-10	(46,707)	(68,426)	(115,134)	238,704	183,590	140,230	117,345	372,739	611,442	\$ -	\$ -	\$ 1,204,020.47	\$ 1,204,020.47	\$ -	\$ 1,906,865.09	\$ 1,906,865.09	\$ -
Dec-10	(117,367)	(187,789)	(305,156)	295,151	265,185	202,553	169,498	449,448	744,599	\$ -	\$ 807,924.61	\$ 827,126.36	\$ 1,635,050.97	\$ -	\$ 2,468,683.13	\$ 2,468,683.13	\$ -
Jan-11	(117,367)	(187,789)	(305,156)	351,938	301,744	230,478	192,866	537,299	889,237	\$ -	\$ 617,526.15	\$ 879,443.09	\$ 1,496,969.24	\$ -	\$ 2,454,999.01	\$ 2,454,999.01	\$ -
Feb-11	(117,367)	(187,789)	(305,156)	274,931	252,167	192,610	161,178	436,340	711,271	\$ -	\$ 632,027.17	\$ 584,644.80	\$ 1,216,671.98	\$ -	\$ 1,914,054.63	\$ 1,914,054.63	\$ -
Mar-11	(46,707)	(70,706)	(117,414)	278,733	209,361	159,914	133,817	432,386	711,120	\$ 554,374.19	\$ -	\$ 518,845.95	\$ 1,073,220.14	\$ -	\$ 1,775,618.78	\$ 1,775,618.78	\$ -
Apr-11	(33,533)	106,899	73,365	163,627	126,819	96,867	81,059	411,643	575,270	\$ -	\$ 605,055.27	\$ 80,610.89	\$ 685,666.16	\$ -	\$ 1,708,143.12	\$ 1,308,876.85	\$ 399,266.26
May-11	0	110,462	110,462	113,565	72,536	55,405	46,363	284,765	398,330	\$ -	\$ 489,749.64	\$ -	\$ 489,749.64	\$ -	\$ 1,169,640.30	\$ 746,019.80	\$ 423,620.50
Jun-11	93,931	106,899	200,830	146,070	32,140	24,549	20,543	184,130	330,200	\$ -	\$ 618,106.19	\$ 4,549.27	\$ 622,655.46	\$ 400,404.43	\$ 742,170.64	\$ 335,955.97	\$ 406,214.67
Jul-11	97,063	110,462	207,524	131,261	20,642	15,767	13,194	160,065	291,325	\$ -	\$ 598,745.50	\$ -	\$ 598,745.50	\$ 442,751.28	\$ 673,427.23	\$ 225,891.78	\$ 447,535.45
Aug-11	97,063	110,474	207,537	135,977	23,655	18,068	15,119	167,316	303,292	\$ -	\$ 625,425.69	\$ -	\$ 625,425.69	\$ 446,439.66	\$ 710,534.02	\$ 259,027.02	\$ 451,507.00
Sep-11	93,931	68,426	162,358	174,418	50,246	38,379	32,116	189,168	363,586	\$ -	\$ 669,004.79	\$ 137,217.28	\$ 806,222.07	\$ 434,184.38	\$ 833,027.85	\$ 550,701.73	\$ 282,326.31
Oct-11	97,063	70,705	167,768	276,082	113,142	86,420	72,317	342,585	618,667	\$ -	\$ 674,225.16	\$ 615,643.29	\$ 1,289,868.45	\$ 453,481.21	\$ 1,552,372.68	\$ 1,255,268.33	\$ 297,104.34
Nov-11	(46,707)	(68,426)	(115,134)	235,589	181,585	138,698	116,064	367,921	603,510	\$ -	\$ 683,215.79	\$ 448,502.38	\$ 1,131,718.17	\$ -	\$ 1,908,610.80	\$ 1,908,610.80	\$ -
Dec-11	(117,367)	(187,789)	(305,156)	292,580	263,529	201,289	168,440	445,470	738,049	\$ -	\$ 736,797.08	\$ 759,761.22	\$ 1,496,558.30	\$ -	\$ 2,447,520.54	\$ 2,447,520.54	\$ -
Jan-12	(117,367)	(187,789)	(305,156)	349,813	300,376	229,433	191,991	534,011	883,824	\$ -	\$ 948,019.58	\$ 1,314,833.30	\$ 2,263,852.88	\$ -	\$ 3,347,055.83	\$ 3,347,055.83	\$ -
Feb-12	(117,367)	(187,789)	(305,156)	283,408	257,625	196,779	164,666	449,454	732,863	\$ -	\$ 939,883.94	\$ 879,797.24	\$ 1,819,681.18	\$ -	\$ 2,791,969.49	\$ 2,791,969.49	\$ -
Mar-12	(46,707)	(70,707)	(117,414)	277,283	208,427	159,201	133,221	430,142	707,426	\$ -	\$ 917,842.38	\$ 818,109.34	\$ 1,735,951.72	\$ -	\$ 2,572,551.44	\$ 2,572,551.44	\$ -
Apr-12	(33,533)	106,899	73,365	162,429	126,048	96,278	80,566	409,790	572,219	\$ -	\$ 829,458.63	\$ 97,371.80	\$ 926,830.43	\$ -	\$ 2,260,258.75	\$ 1,702,248.07	\$ 558,010.68
May-12	0	110,462	110,462	112,568	71,899	54,918	45,956	283,234	395,802	\$ -	\$ 644,674.21	\$ -	\$ 644,674.21	\$ -	\$ 1,553,114.56	\$ 974,350.65	\$ 578,763.91
Jun-12	93,931	106,899	200,830	145,245	31,613	24,147	20,206	182,865	328,110	\$ -	\$ 836,129.10	\$ 1,325.79	\$ 837,454.89	\$ 541,589.18	\$ 991,066.85	\$ 429,475.06	\$ 561,591.78
Jul-12	97,063	110,462	207,524	130,580	20,207	15,435	12,916	159,019	289,599	\$ -	\$ 760,757.30	\$ -	\$ 760,757.30	\$ 565,487.00	\$ 859,999.84	\$ 276,099.47	\$ 583,900.38
Aug-12	97,063	110,474	207,537	135,414	23,295	17,793	14,890	166,452	301,866	\$ -	\$ 795,694.82	\$ -	\$ 795,694.82	\$ 570,340.14	\$ 908,915.33	\$ 320,531.12	\$ 588,384.92
Sep-12	93,931	68,426	162,358	173,954	49,950	38,152	31,926	188,454	362,408	\$ -	\$ 856,720.56	\$ 167,234.17	\$ 1,023,954.73	\$ 552,915.49	\$ 1,063,874.79	\$ 695,023.87	\$ 368,850.92
Oct-12	97,063	70,705	167,768	275,698	112,897	86,233	72,161	341,996	617,694	\$ -	\$ 870,496.53	\$ 767,530.29	\$ 1,638,026.82	\$ 576,685.21	\$ 1,985,391.81	\$ 1,597,360.24	\$ 388,031.56
Nov-12	(46,707)	(68,426)	(115,134)	235,275	181,383	138,544	115,934	367,435	602,710	\$ -	\$ 919,800.02	\$ 561,943.68	\$ 1,481,743.70	\$ -	\$ 2,239,910.31	\$ 2,239,910.31	\$ -
Dec-12	(117,367)	(187,789)	(305,156)	292,321	263,362	201,162	168,333	445,069	737,389	\$ -	\$ 958,517.75	\$ 956,117.33	\$ 1,914,635.08	\$ -	\$ 2,849,510.73	\$ 2,849,510.73	\$ -
Jan-13	(117,367)	(187,789)	(305,156)	349,597	300,237	229,327	191,903	533,678	883,275	\$ -	\$ 987,809.82	\$ 1,369,199.10	\$ 2,357,008.93	\$ -	\$ 3,498,034.98	\$ 3,498,034.98	\$ -
Feb-13	(117,367)	(187,789)	(305,156)	272,998	250,922	191,660	160,382	433,348	706,346	\$ -	\$ 979,834.26	\$ 849,516.53	\$ 1,829,350.79	\$ -	\$ 2,830,097.48	\$ 2,830,097.48	\$ -
Mar-13	(46,707)	(70,707)	(117,414)	277,136	208,333	159,129	133,160	429,914	707,051	\$ -	\$ 951,557.26	\$ 851,220.69	\$ 1,802,777.95	\$ -	\$ 2,706,975.57	\$ 2,706,975.57	\$ -
Apr-13	(33,533)	106,899	73,365	162,308	125,969	96,218	80,516	409,602	571,909	\$ -	\$ 863,826.06	\$ 101,362.16	\$ 965,188.22	\$ -	\$ 2,389,463.56	\$ 1,797,298.78	\$ 592,164.78
May-13	0	110,462	110,462	112,466	71,834	54,869	45,914	283,079	395,545	\$ -	\$ 668,275.42	\$ -	\$ 668,275.42	\$ -	\$ 1,618,417.70	\$ 1,013,695.30	\$ 604,722.40
Jun-13	93,931	106,899	200,830	145,162	31,560	24,106	20,172	182,737	327,899	\$ -	\$ 867,866.35	\$ 893.88	\$ 868,760.23	\$ 562,170.43	\$ 1,032,038.02	\$ 445,966.46	\$ 586,071.56
Jul-13	97,063	110,462	207,524	130,511	20,163	15,401	12,888	159,914	289,425	\$ -	\$ 789,721.38	\$ -	\$ 789,721.38	\$ 587,326.10	\$ 897,839.06	\$ 287,151.73	\$ 610,687.33
Aug-13	97,063	110,474	207,537	135,358	23,259	17,766	14,866	166,365	301,722	\$ -	\$ 826,492.90	\$ -	\$ 826,492.90	\$ 592,664.55	\$ 949,479.06	\$ 333,752.57	\$ 615,726.52
Sep-13	93,931	68,426	162,358	173,907	49,920	38,130	31,907	188,382	362,289	\$ -	\$ 890,507.95	\$ 174,649.00	\$ 1,065,156.94	\$ 575,319.33	\$ 1,109,935.95	\$ 724,115.35	\$ 385,820.60
Oct-13	97,063	70,705	167,768	275,659	112,872	86,214	72,145	341,936	617,596	\$ -	\$ 905,008.97	\$ 802,707.02	\$ 1,707,715.99	\$ 601,305.13	\$ 2,070,151.83	\$ 1,664,408.55	\$ 405,743.28
Nov-13	(46,707)	(68,426)	(115,134)	235,243	181,362	138,528	115,921	367,385	602,628	\$ -	\$ 957,937.71	\$ 584,166.23	\$ 1,542,103.94	\$ -	\$ 2,338,542.05	\$ 2,338,542.05	\$ -
Dec-13	(117,367)	(187,789)	(305,156)	292,294	263,345	201,148	168,322	445,027	737,320	\$ -	\$ 995,930.40	\$ 992,100.03	\$ 1,988,030.42	\$ -	\$ 2,967,163.59	\$ 2,967,163.59	\$ -
	221,044	250,323	471,368	8,983,704	5,604,115	4,280,537	3,581,985	13,716,959	22,700,663	\$ 153,665.79	\$ 29,275,960.51	\$ 20,537,253.33	\$ 49,966,879.62	\$ 9,636,355.67	\$ 74,430,615.37	\$ 62,260,714.26	\$ 12,169,901.11
										\$ 0.0037	\$ 5.6322	\$ 5.4754	\$ 5.5619	\$	\$ 5.4262	\$	\$

actual NYM
 indicative

MINNESOTA ENERGY RESOURCES CORPORATION
 NMU Gas Commodity Cost Calculation

Month/Year	MERC Requirement Total NMU Cost	MERC NMU Projected Gas Cost Per Unit	MERC NMU Total NMU Flowing Gas Costs	MERC NMU Total NMU Storage Gas Costs	Total NMU Sales Gas Costs
Jul-10	\$ 1,580,520.14	\$ 4.1411	\$ 429,201.50	\$ 0.00	\$ 429,201.50
Aug-10	\$ 1,643,302.91	\$ 4.2068	\$ 474,268.85	\$ 0.00	\$ 474,268.85
Sep-10	\$ 1,629,885.03	\$ 4.3429	\$ 928,978.86	\$ 0.00	\$ 928,978.86
Oct-10	\$ 2,820,157.41	\$ 4.4886	\$ 2,074,067.30	\$ 0.00	\$ 2,074,067.30
Nov-10	\$ 3,110,885.56	\$ 5.0878	\$ 3,110,885.56	\$ 457,927.08	\$ 3,568,812.64
Dec-10	\$ 4,103,734.10	\$ 5.5113	\$ 4,103,734.10	\$ 1,211,017.36	\$ 5,314,751.46
Jan-11	\$ 3,951,968.25	\$ 4.4442	\$ 3,951,968.25	\$ 1,211,017.36	\$ 5,162,985.61
Feb-11	\$ 3,130,726.61	\$ 4.4016	\$ 3,130,726.61	\$ 1,141,830.42	\$ 4,272,557.03
Mar-11	\$ 2,848,838.92	\$ 4.0061	\$ 2,848,838.92	\$ 466,607.74	\$ 3,315,446.66
Apr-11	\$ 2,393,809.27	\$ 4.1612	\$ 1,994,543.01	\$ 141,734.21	\$ 2,136,277.22
May-11	\$ 1,659,389.94	\$ 4.1659	\$ 1,235,769.44	\$ 0.00	\$ 1,235,769.44
Jun-11	\$ 1,364,826.10	\$ 4.1333	\$ 558,207.00	\$ 0.00	\$ 558,207.00
Jul-11	\$ 1,272,172.73	\$ 4.3668	\$ 381,886.00	\$ 0.00	\$ 381,886.00
Aug-11	\$ 1,335,959.71	\$ 4.4049	\$ 438,013.05	\$ 0.00	\$ 438,013.05
Sep-11	\$ 1,639,249.91	\$ 4.5086	\$ 922,739.42	\$ 0.00	\$ 922,739.42
Oct-11	\$ 2,842,241.13	\$ 4.5941	\$ 2,091,655.58	\$ 0.00	\$ 2,091,655.58
Nov-11	\$ 3,040,328.97	\$ 5.0377	\$ 3,040,328.97	\$ 491,074.53	\$ 3,531,403.50
Dec-11	\$ 3,944,078.84	\$ 5.3439	\$ 3,944,078.84	\$ 1,296,286.79	\$ 5,240,365.62
Jan-12	\$ 5,610,908.71	\$ 6.3484	\$ 5,610,908.71	\$ 1,296,286.79	\$ 6,907,195.49
Feb-12	\$ 4,611,650.67	\$ 6.2327	\$ 4,611,650.67	\$ 1,224,833.90	\$ 5,836,484.56
Mar-12	\$ 4,308,503.16	\$ 6.0904	\$ 4,308,503.16	\$ 500,042.33	\$ 4,808,545.49
Apr-12	\$ 3,187,089.18	\$ 5.5697	\$ 2,629,078.50	\$ 159,406.75	\$ 2,788,485.25
May-12	\$ 2,197,788.77	\$ 5.5528	\$ 1,619,024.86	\$ 0.00	\$ 1,619,024.86
Jun-12	\$ 1,828,521.74	\$ 5.5729	\$ 725,340.77	\$ 0.00	\$ 725,340.77
Jul-12	\$ 1,620,757.14	\$ 5.5966	\$ 471,369.76	\$ 0.00	\$ 471,369.76
Aug-12	\$ 1,704,610.16	\$ 5.6469	\$ 545,885.80	\$ 0.00	\$ 545,885.80
Sep-12	\$ 2,087,829.52	\$ 5.7610	\$ 1,166,063.11	\$ 0.00	\$ 1,166,063.11
Oct-12	\$ 3,623,418.63	\$ 5.8660	\$ 2,658,701.85	\$ 0.00	\$ 2,658,701.85
Nov-12	\$ 3,721,654.01	\$ 6.1749	\$ 3,721,654.01	\$ 624,878.27	\$ 4,346,532.28
Dec-12	\$ 4,764,145.81	\$ 6.4608	\$ 4,764,145.81	\$ 1,650,452.02	\$ 6,414,597.83
Jan-13	\$ 5,855,043.90	\$ 6.6288	\$ 5,855,043.90	\$ 1,650,452.02	\$ 7,505,495.93
Feb-13	\$ 4,659,448.27	\$ 6.5966	\$ 4,659,448.27	\$ 1,558,424.47	\$ 6,217,872.74
Mar-13	\$ 4,509,753.52	\$ 6.3783	\$ 4,509,753.52	\$ 636,428.33	\$ 5,146,181.85
Apr-13	\$ 3,354,651.79	\$ 5.8657	\$ 2,762,487.00	\$ 199,851.22	\$ 2,962,338.22
May-13	\$ 2,286,693.11	\$ 5.7811	\$ 1,681,970.71	\$ 0.00	\$ 1,681,970.71
Jun-13	\$ 1,900,818.24	\$ 5.7970	\$ 752,576.25	\$ 0.00	\$ 752,576.25
Jul-13	\$ 1,687,560.44	\$ 5.8307	\$ 489,547.01	\$ 0.00	\$ 489,547.01
Aug-13	\$ 1,775,971.98	\$ 5.8861	\$ 567,580.92	\$ 0.00	\$ 567,580.92
Sep-13	\$ 2,175,092.89	\$ 6.0038	\$ 1,213,952.96	\$ 0.00	\$ 1,213,952.96
Oct-13	\$ 3,777,867.82	\$ 6.1171	\$ 2,770,819.40	\$ 0.00	\$ 2,770,819.40
Nov-13	\$ 3,880,645.99	\$ 6.4395	\$ 3,880,645.99	\$ 663,707.99	\$ 4,544,353.98
Dec-13	\$ 4,955,194.02	\$ 6.7205	\$ 4,955,194.02	\$ 1,754,448.48	\$ 6,709,642.50
	\$ 124,397,495.00	\$ 5.4799	\$ 102,591,238.22	\$ 18,336,708.07	\$ 120,927,946.29
	\$ 5,4799				\$ 5.3271

Demarc Daily Capacity	Demarc Monthly Capacity	Demarc Monthly Requirement	Remaining Requirement	Bison Daily Capacity	Bison Monthly Capacity	Monthly Bison Requirement	Remaining Requirement	Daily Ventura Capacity	Monthly Ventura Capacity	Monthly Ventura Requirement
30,202	936,263	8,789	129,215	0	0	0	129,215	972,725	30,154,464	129,215
30,202	936,263	8,789	132,758	0	0	0	132,758	1,010,282	31,316,745	132,758
30,202	906,061	8,505	170,514	0	0	0	170,514	822,665	24,679,939	170,514
30,202	936,263	8,789	271,094	0	0	0	271,094	1,527,518	47,353,045	271,094
35,861	1,075,843	0	238,704	0	0	0	238,704	1,906,865	57,205,953	238,704
35,861	1,111,704	0	295,151	4,678	145,010	145,010	150,141	2,468,683	76,529,177	150,141
35,861	1,111,704	0	351,938	4,678	145,010	145,010	206,928	2,454,999	76,104,969	206,928
35,861	1,004,120	0	274,931	4,678	145,010	145,010	129,921	1,914,055	53,593,530	129,921
35,861	1,111,704	0	278,733	4,678	145,010	145,010	133,723	1,775,619	55,044,182	133,723
30,202	906,061	0	163,627	4,678	145,010	145,010	18,617	1,708,143	51,244,293	18,617
30,202	936,263	0	113,565	4,678	145,010	113,565	0	1,169,640	36,258,849	0
30,202	906,061	0	146,070	4,678	145,010	145,010	1,059	742,171	22,265,119	1,059
30,202	936,263	0	131,261	4,678	145,010	131,261	0	673,427	20,876,244	0
30,202	936,263	0	135,977	4,678	145,010	135,977	0	710,534	22,026,555	0
30,202	906,061	0	174,418	4,678	145,010	145,010	29,408	833,028	24,990,835	29,408
30,202	936,263	0	276,082	4,678	145,010	145,010	131,072	1,552,373	48,123,553	131,072
35,861	1,075,843	0	235,589	4,678	145,010	145,010	90,579	1,908,611	57,258,324	90,579
35,861	1,111,704	0	292,580	4,678	145,010	145,010	147,569	2,447,521	75,873,137	147,569
35,861	1,111,704	0	349,813	4,678	145,010	145,010	204,803	3,347,056	103,758,731	204,803
35,861	1,004,120	0	283,408	4,678	145,010	145,010	138,398	2,791,969	78,175,146	138,398
35,861	1,111,704	0	277,283	4,678	145,010	145,010	132,273	2,572,551	79,749,095	132,273
30,202	906,061	0	162,429	4,678	145,010	145,010	17,419	2,260,259	67,807,763	17,419
30,202	936,263	0	112,568	4,678	145,010	112,568	0	1,553,115	48,146,551	0
30,202	906,061	0	145,245	4,678	145,010	145,010	235	991,067	29,732,005	235
30,202	936,263	0	130,580	4,678	145,010	130,580	0	860,000	26,659,995	0
30,202	936,263	0	135,414	4,678	145,010	135,414	0	908,915	28,176,375	0
30,202	906,061	0	173,954	4,678	145,010	145,010	28,943	1,063,875	31,916,244	28,943
30,202	936,263	0	275,698	4,678	145,010	145,010	130,688	1,985,392	61,547,146	130,688
35,861	1,075,843	0	235,275	4,678	145,010	145,010	90,265	2,239,910	67,197,309	90,265
35,861	1,111,704	0	292,321	4,678	145,010	145,010	147,310	2,849,511	88,334,833	147,310
35,861	1,111,704	0	349,597	4,678	145,010	145,010	204,587	3,498,035	108,439,084	204,587
35,861	1,004,120	0	272,998	4,678	145,010	145,010	127,987	2,830,097	79,242,729	127,987
35,861	1,111,704	0	277,136	4,678	145,010	145,010	132,126	2,706,976	83,916,243	132,126
30,202	906,061	0	162,308	4,678	145,010	145,010	17,297	2,389,464	71,683,907	17,297
30,202	936,263	0	112,466	4,678	145,010	112,466	0	1,618,418	50,170,949	0
30,202	906,061	0	145,162	4,678	145,010	145,010	152	1,032,038	30,961,141	152
30,202	936,263	0	130,511	4,678	145,010	130,511	0	897,839	27,833,011	0
30,202	936,263	0	135,358	4,678	145,010	135,358	0	949,479	29,433,852	0
30,202	906,061	0	173,907	4,678	145,010	145,010	28,896	1,109,936	33,298,078	28,896
30,202	936,263	0	275,659	4,678	145,010	145,010	130,649	2,070,152	64,174,707	130,649
35,861	1,075,843	0	235,243	4,678	145,010	145,010	90,233	2,338,542	70,156,262	90,233
35,861	1,111,704	0	292,294	4,678	145,010	145,010	147,283	2,967,164	91,982,071	147,283
		41,537,337	34,871	8,948,833	5,365,379	5,197,986	3,750,847		2,263,394,139	3,750,847

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MINNESOTA ENERGY RESOURCES CORPORATION
NMU NNG Gas Commodity Cost Calculation

		NMU NNG	NNG Total Storage Inj/WD	NMU NNG Storage Inj/WD	NMU NNG	Bison Volumes	Ventura Volumes	Bison Price	Ventura Price	NMU NNG Bison Cost	NMU NNG Ventura Cost	NMU NNG Total Cost	NMU NNG Cost Per Unit
31	Jul-10	38,955	993,984	97,063	136,018	-	136,018	\$ 4.4425	\$ 4.4115	\$ -	\$ 600,043.32	\$ 600,043.32	\$ 4.4115
31	Aug-10	42,489	2,021,102	97,063	139,552	-	139,552	\$ 4.5285	\$ 4.4780	\$ -	\$ 624,913.59	\$ 624,913.59	\$ 4.4780
30	Sep-10	83,044	3,048,219	93,931	176,975	-	176,975	\$ 4.4870	\$ 4.5100	\$ -	\$ 798,158.78	\$ 798,158.78	\$ 4.5100
31	Oct-10	180,451	4,042,203	97,063	277,514	-	277,514	\$ 4.5445	\$ 4.6230	\$ -	\$ 1,282,947.25	\$ 1,282,947.25	\$ 4.6230
30	Nov-10	286,659	5,069,321	(46,707)	239,951	-	239,951	\$ 5.0075	\$ 5.0440	\$ -	\$ 1,210,314.11	\$ 1,210,314.11	\$ 5.0440
31	Dec-10	414,061	4,575,062	(117,367)	296,694	-	296,694	\$ 5.5715	\$ 5.5090	\$ -	\$ 1,634,487.16	\$ 1,634,487.16	\$ 5.5090
31	Jan-11	510,314	3,333,078	(117,367)	392,947	-	392,947	\$ 4.1850	\$ 4.2500	\$ -	\$ 1,670,022.68	\$ 1,670,022.68	\$ 4.2500
28	Feb-11	431,066	2,091,094	(117,367)	313,699	-	313,699	\$ 4.4850	\$ 4.5000	\$ -	\$ 1,411,643.30	\$ 1,411,643.30	\$ 4.5000
31	Mar-11	351,465	849,110	(46,707)	304,758	-	304,758	\$ 3.9950	\$ 3.8800	\$ -	\$ 1,182,459.20	\$ 1,182,459.20	\$ 3.8800
30	Apr-11	209,483	354,851	(33,533)	175,950	-	175,950	\$ 4.3650	\$ 4.3300	\$ -	\$ 761,861.68	\$ 761,861.68	\$ 4.3300
31	May-11	118,519	-	-	118,519	-	118,519	\$ 4.3680	\$ 4.3030	\$ -	\$ 509,987.26	\$ 509,987.26	\$ 4.3030
30	Jun-11	47,199	-	93,931	141,130	-	141,130	\$ 4.3890	\$ 4.2940	\$ -	\$ 606,014.32	\$ 606,014.32	\$ 4.2940
31	Jul-11	23,480	993,984	97,063	120,543	-	120,543	\$ 4.7190	\$ 4.6390	\$ -	\$ 559,197.36	\$ 559,197.36	\$ 4.6390
31	Aug-11	29,852	2,021,102	97,063	126,915	-	126,915	\$ 4.7770	\$ 4.6645	\$ -	\$ 591,993.39	\$ 591,993.39	\$ 4.6645
30	Sep-11	69,319	3,048,220	93,931	163,250	-	163,250	\$ 4.7930	\$ 4.6660	\$ -	\$ 761,726.78	\$ 761,726.78	\$ 4.6660
31	Oct-11	166,297	4,042,204	97,063	263,360	-	263,360	\$ 4.8240	\$ 4.6970	\$ -	\$ 1,236,999.84	\$ 1,236,999.84	\$ 4.6970
30	Nov-11	296,958	5,069,321	(46,707)	250,251	-	250,251	\$ 4.9290	\$ 4.9515	\$ -	\$ 1,239,115.47	\$ 1,239,115.47	\$ 4.9515
31	Dec-11	440,187	4,575,062	(117,367)	322,820	-	322,820	\$ 5.1960	\$ 5.1485	\$ -	\$ 1,662,036.26	\$ 1,662,036.26	\$ 5.1485
31	Jan-12	469,009	3,333,078	(117,367)	351,641	-	351,641	\$ 6.5445	\$ 6.4200	\$ -	\$ 2,257,538.31	\$ 2,257,538.31	\$ 6.4200
29	Feb-12	402,257	2,091,094	(117,367)	284,890	-	284,890	\$ 6.4815	\$ 6.3570	\$ -	\$ 1,811,044.83	\$ 1,811,044.83	\$ 6.3570
31	Mar-12	325,440	849,110	(46,707)	278,733	-	278,733	\$ 6.3295	\$ 6.1850	\$ -	\$ 1,723,962.34	\$ 1,723,962.34	\$ 6.1850
30	Apr-12	196,812	354,851	(33,533)	163,278	-	163,278	\$ 5.7200	\$ 5.5900	\$ -	\$ 912,725.27	\$ 912,725.27	\$ 5.5900
31	May-12	112,264	-	-	112,264	-	112,264	\$ 5.7270	\$ 5.5970	\$ -	\$ 628,339.32	\$ 628,339.32	\$ 5.5970
30	Jun-12	49,361	-	93,931	143,293	-	143,293	\$ 5.7660	\$ 5.6360	\$ -	\$ 807,597.01	\$ 807,597.01	\$ 5.6360
31	Jul-12	31,552	993,984	97,063	128,614	-	128,614	\$ 5.8260	\$ 5.6960	\$ -	\$ 732,587.43	\$ 732,587.43	\$ 5.6960
31	Aug-12	36,373	2,021,102	97,063	133,436	-	133,436	\$ 5.8760	\$ 5.7460	\$ -	\$ 766,723.17	\$ 766,723.17	\$ 5.7460
30	Sep-12	77,992	3,048,220	93,931	171,923	-	171,923	\$ 5.9080	\$ 5.7780	\$ -	\$ 993,371.68	\$ 993,371.68	\$ 5.7780
31	Oct-12	176,278	4,042,204	97,063	273,341	-	273,341	\$ 6.0030	\$ 5.8730	\$ -	\$ 1,605,331.96	\$ 1,605,331.96	\$ 5.8730
30	Nov-12	283,212	5,069,321	(46,707)	236,505	-	236,505	\$ 6.3430	\$ 6.2255	\$ -	\$ 1,472,361.27	\$ 1,472,361.27	\$ 6.2255
31	Dec-12	411,216	4,575,062	(117,367)	293,849	-	293,849	\$ 6.6100	\$ 6.4905	\$ -	\$ 1,907,223.92	\$ 1,907,223.92	\$ 6.4905
31	Jan-13	468,792	3,333,078	(117,367)	351,425	-	351,425	\$ 6.8120	\$ 6.6925	\$ -	\$ 2,351,910.13	\$ 2,351,910.13	\$ 6.6925
28	Feb-13	391,792	2,091,094	(117,367)	274,425	-	274,425	\$ 6.7570	\$ 6.6375	\$ -	\$ 1,821,493.84	\$ 1,821,493.84	\$ 6.6375
31	Mar-13	325,292	849,110	(46,707)	278,585	-	278,585	\$ 6.5620	\$ 6.4425	\$ -	\$ 1,794,782.09	\$ 1,794,782.09	\$ 6.4425
30	Apr-13	196,689	354,851	(33,533)	163,156	-	163,156	\$ 5.9570	\$ 5.8600	\$ -	\$ 956,093.92	\$ 956,093.92	\$ 5.8600
31	May-13	112,163	-	-	112,163	-	112,163	\$ 5.9420	\$ 5.8450	\$ -	\$ 655,591.29	\$ 655,591.29	\$ 5.8450
30	Jun-13	49,278	-	93,931	143,209	-	143,209	\$ 5.9850	\$ 5.8880	\$ -	\$ 843,216.88	\$ 843,216.88	\$ 5.8880
31	Jul-13	31,483	993,984	97,063	128,546	-	128,546	\$ 6.0510	\$ 5.9540	\$ -	\$ 765,361.36	\$ 765,361.36	\$ 5.9540
31	Aug-13	36,317	2,021,102	97,063	133,379	-	133,379	\$ 6.1060	\$ 6.0090	\$ -	\$ 801,476.04	\$ 801,476.04	\$ 6.0090
30	Sep-13	77,945	3,048,220	93,931	171,876	-	171,876	\$ 6.1410	\$ 6.0440	\$ -	\$ 1,038,819.91	\$ 1,038,819.91	\$ 6.0440
31	Oct-13	176,240	4,042,204	97,063	273,302	-	273,302	\$ 6.2410	\$ 6.1440	\$ -	\$ 1,679,168.33	\$ 1,679,168.33	\$ 6.1440
30	Nov-13	283,180	5,069,321	(46,707)	236,473	-	236,473	\$ 6.6060	\$ 6.4740	\$ -	\$ 1,530,923.39	\$ 1,530,923.39	\$ 6.4740
31	Dec-13	411,189	4,575,062	(117,367)	293,821	-	293,821	\$ 6.8680	\$ 6.7360	\$ -	\$ 1,979,180.81	\$ 1,979,180.81	\$ 6.7360
					9,092,970	-	9,092,970			\$ -	\$ 50,180,746.20	\$ 50,180,746.20	\$ 5.5186

** Indicative Basis Numbers on 06/1/11.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	Suite 1500 50 South Sixth Street Minneapolis, MN 554021498	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Sundra	Bender	sundra.bender@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 Saint Paul, MN 55101-2147	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Manuel	Cervantes	Manuel.Cervantes@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Seth	DeMerritt	ssdemerritt@integrysgroup.com	Integrys Business Support	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Ronald M.	Giteck	ron.giteck@state.mn.us	Office of the Attorney General-RUD	Residential Utilities Division 445 Minnesota Street, 900 BRM Tower St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Electronic Service	No	OFF_SL_10-977_Official CC Service List
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Karen Finstad	Hammel	Karen.Hammel@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota Street St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David G.	Kult	dgkult@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St. NW Rosemount, MN 55068	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
David	Kyto	djkyto@integrysgroup.com	Integrys Business Support	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Robert S	Lee	RSL@MCMLAW.COM	Mackall Crouse & Moore Law Offices	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 554022859	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
John	Lindell	agorud.ecf@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Shannon	McIntyre	shannon.m.mcintyre@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Andrew	Moratzka	apm@mcmlaw.com	Mackall, Crouse and Moore	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Sarah	Sorenson	kerbeshian.sarah@dorsey.com	Dorsey Whitney	50 South Sixth Street, Suite 1500 Minneapolis, MN 554021498	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Rachel	Welch	rachel.welch@state.mn.us	Public Utilities Commission	Suite 350121 Seventh Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Karly Baraga	Werner	werner.karly@dorsey.com	Dorsey & Whitney, LLP	50 S Sixth St, Ste 1500 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	Suite 1500 50 South Sixth Street Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_10-978_MR-10-978
Julia	Anderson	Julia.Anderson@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_10-978_MR-10-978
Chuck	Cloninger		Minnesota Energy Resources	P.O. Box 455 2665 145th Street West Rosemount, MN 550680455	Paper Service	No	OFF_SL_10-978_MR-10-978
Seth	DeMerritt	ssdemerritt@integrysgroup.com	Integrays Business Support	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Paper Service	No	OFF_SL_10-978_MR-10-978
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_10-978_MR-10-978
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_10-978_MR-10-978
Richard	Haubensak	RICHARD.HAUBENSAK@CONSTELLATION.COM	Constellation New Energy Gas	Suite 200 12120 Port Grace Boulevard La Vista, NE 68128	Paper Service	No	OFF_SL_10-978_MR-10-978
Jack	Kegel		MMUA	Suite 400 3025 Harbor Lane North Plymouth, MN 554475142	Paper Service	No	OFF_SL_10-978_MR-10-978
Robert S	Lee	RSL@MCMLAW.COM	Mackall Crouse & Moore Law Offices	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 554022859	Paper Service	No	OFF_SL_10-978_MR-10-978
John	Lindell	agorud.ecf@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_10-978_MR-10-978

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Paper Service	No	OFF_SL_10-978_MR-10-978
Brian	Meloy	brian.meloy@leonard.com	Leonard, Street & Deinard	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10-978_MR-10-978
Andrew	Moratzka	apm@mcmlaw.com	Mackall, Crouse and Moore	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-978_MR-10-978
Ann	Seha	seha.ann@dorsey.com	Dorsey & Whitney	Suite 1500 50 South Sixth Street Minneapolis, MN 554021498	Paper Service	No	OFF_SL_10-978_MR-10-978
Sarah	Sorenson	sorenson.sarah@dorsey.com	Dorsey & Whitney LLP	50 S 6th St Ste 1500 Minneapolis, MN 55402-1498	Electronic Service	No	OFF_SL_10-978_MR-10-978
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_10-978_MR-10-978
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Paper Service	No	OFF_SL_10-978_MR-10-978

Attachment F

Minnesota Energy Resources Corporation
Calculation of CCRC Factor for 2011 Test Year based on Commission Order

Line No.	Description	Source	PNG	NMU	Combined
1	2011 CIP Expense	G007/CIP-09-800 G011/CIP-09-803	\$ 6,737,189	\$ 1,717,238	\$ 8,454,427
2	2011 Sales	Rate Design based on Commission Order	558,783,551	124,985,338	683,768,889
3	Opt-out customers	Rate Design based on Commission Order	118,520,312	6,591,025	125,111,337
4	CCRC applicable Sales	Line 2 - Line 3	440,263,239	118,394,313	558,657,552
5	Requested CCRC Factor (\$/therm)	Line 1 / Line 4	\$ 0.01530	\$ 0.01450	\$ 0.01513
6	Currently Approved CCRC Factor (\$/therm)	G007,011/GR-08-835	\$ 0.00652	\$ 0.00962	
7	Change In CCRC Factor (\$/therm)	Line 5 - Line 6	\$ 0.00878	\$ 0.00488	
8	Increase in Costs due to Factor	Line 4 * Line 7	\$ 3,866,673	\$ 578,285	

Minnesota Energy Resources - PNG
CIP Tracker Balance Calculation

	2011 Ending Balance	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012 Total
1. Beginning Balance (excl. carry cost)		8,181,145.00	7,504,033.18	6,834,300.25	6,840,290.30	6,566,924.95	6,737,133.13	7,371,753.04	7,813,261.24	8,020,404.87	8,020,404.87	8,020,404.87	8,020,404.87	
2. Expenses		261,755.13	309,751.00	806,786.65	162,541.70	529,430.83	871,599.94	655,713.36	462,312.05					4,059,890.66
3. Recoveries		938,866.95	979,483.93	800,796.60	435,907.06	359,222.64	236,980.04	214,205.16	255,168.41	-	-	-	-	4,220,630.79
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
5. Sub Balance (excl. carry costs) (Line 1+2-3+4)	8,181,145.00	7,504,033.18	6,834,300.25	6,840,290.30	6,566,924.95	6,737,133.13	7,371,753.04	7,813,261.24	8,020,404.87	8,020,404.87	8,020,404.87	8,020,404.87	8,020,404.87	
6. CCRA Exemption included in balance ³		702,278.19	724,471.36	744,790.18	765,744.58	714,533.33	729,809.40	742,441.18	697,068.24					
7. Ending Balance Subject to Carry Cost ¹ (Line 5-6)		6,801,754.99	6,109,828.89	6,095,500.12	5,801,180.37	6,022,599.80	6,641,943.64	7,070,820.06	7,323,336.63	8,020,404.87	8,020,404.87	8,020,404.87	8,020,404.87	
8. Monthly Carry Cost ² (Line 7 x .00665)		45,231.67	40,630.36	40,535.08	38,577.85	40,050.29	44,168.93	47,020.95	48,700.19					344,915.31
9. Cumulative Carry Cost	1,423,293.19	1,468,524.86	1,509,155.22	1,549,690.30	1,588,268.15	1,628,318.44	1,672,487.36	1,719,508.32	1,768,208.50	1,768,208.50	1,768,208.50	1,768,208.50	1,768,208.50	
10. Ending Balance (Line 5+10)	9,604,438.19	8,972,558.04	8,343,455.47	8,389,980.60	8,155,193.09	8,365,451.57	9,044,240.40	9,532,769.55	9,788,613.38	9,788,613.38	9,788,613.38	9,788,613.38	9,788,613.38	

¹ Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2006 and 2007 financial incentives.

² Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

³ Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

Minnesota Energy Resources - NMU
CIP Tracker Balance Calculation

	2011 Ending Balance	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012 Total
Beginning Balance (excl. carry cost)		161,652.06	(203,797.82)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	
2. Expenses		41,382.19	125,255.64	228,266.32	34,292.13	97,466.47	236,171.89	150,812.89	135,886.81					1,049,534.34
3. Recoveries		406,832.07	446,606.84	345,059.75	243,056.58	181,781.92	106,118.72	82,741.18	81,072.34	-	-	-	-	1,893,269.40
3a. Prior year recoveries ⁴						358,392.02								358,392.02
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Balance (excl. carry costs)														
5. (Line 1+2-3+4)	161,652.06	(203,797.82)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	
6. CCRA Exemption included in balance ³		64,285.93	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance Subject to Carry Cost ¹														
7. (Line 5-6)		(268,083.75)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	(1,040,475.02)	
8. Monthly Carry Cost ² (Line 7 x .00665)		-	-	-	-	-	-	-	-	-	-	-	-	-
9. Cumulative Carry Cost	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	320,428.53	
10. Ending Balance (Line 5+9)	482,080.59	116,630.71	(204,720.48)	(321,513.92)	(530,278.37)	(972,985.84)	(842,932.67)	(774,860.96)	(720,046.49)	(720,046.49)	(720,046.49)	(720,046.49)	(720,046.49)	

¹ Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2005, 2006, and 2007 financial incentives.

² Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

³ Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

⁴ Amount related to 2 customers not being charged the CCRC in their rates. See rate case Docket No. XXXXXXXXXX

State of Minnesota
OFFICE OF ENERGY SECURITY

Docket No. G007,011/GR-10-977
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Utility Information Request

Docket Number: G007,011/GR-10-977

Date of Request: March 11, 2011

Requested From: Minnesota Energy Resources Corporation
(MERC or the Company)

Response Due: March 23, 2011

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Economic Development

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
628	<p>Subject: MERC's Conservation Cost Recovery Charge (CCRC)</p> <p>Reference: The Company's Response to Minnesota Office of Energy Security (OES) Information Request No. (IR) 619 in the Present Docket</p> <p>In its response to OES IR 619, MERC stated that the Company discovered the tariffed rate charged to the MERC-NMU Super Large Volume Interruptible (SLVI) customer class did not include a CCRC factor, and thus the Company identified two customers who are not contributing to the recovery of CIP costs. MERC also stated that the reason for this situation is that the rate design in Docket No. G007,011/GR-08-835 assumed that all customers in this customer class were opt-out customers.</p> <p>a) Are the two customers identified by MERC the only customers who received natural gas service under the MERC-NMU SLVI customer class?</p> <p>b) If the response to part a) above is negative, please identify all other customers who receive natural gas service under the MERC-NMU SLVI customer class, together with each customer's status as an opt-out customer.</p>

Response by: Seth DeMerritt _____

List sources of information:

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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- c) Please provide each (and all) cite(s) to the record in Docket No. G007,011/GR-08-835 that substantiate(s) MERC's assertions that the rate design in that docket assumed all customers in the MERC-NMU SLVI customer class were opt-out customers, and that a CCRC was not included in base rates for that customer class. Please also provide a complete discussion concerning the manner in which each of these cites substantiates the Company's assertions.
- d) Were the two MERC-NMU SLVI customers identified by the Company charged a CCRC after the implementation of final rates in Docket No. G007,011/GR-00-951 and prior to implementation of final rates in Docket No. G007,011/GR-08-835?
- e) If the response to Part d) above is affirmative, please identify the CCRC that was charged to each of the two MERC-NMU SLVI customers. Please also identify, by month, by year, and by total period, the CCRC revenues that had been collected from each of these customers. Please identify and provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining these levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumptions
- f) If the response to Part d) above is negative please provide a complete discussion of the reasons for not charging a CCRC to each of the two MERC-NMU SLVI customers. Please also identify, by month, by year, and by total period, the amount of CCRC revenues that would have been recovered from each of the two MERC-NMU SLVI customers assuming that these customers had been assessed the approved CCRC from the implementation of final rates in Docket No. G007,011/GR-08-835. In addition, please identify and provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining the levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumption.
- g) Please identify each (and all) Conservation Improvement Programs (CIP) project(s) in which each of the two MERC-NMU SLVI customers participated from the implementation of final rates in Docket No. G007,011/GR-00-951 until the implementation of final rates in Docket No. G007,011/GR-08-835. For each identified project, please provide a complete description of each rebated conservation improvement, the date the project was started, the date the project was completed, the total project cost, and the portion of the total project cost that was charged to the CIP tracker account.
- h) Please identify, by month, by year, and by total period, the amount of CCRC revenues that would have been recovered from each of the two MERC-NMU SLVI customers assuming that these customers had been assess the approved CCRC from the implementation of final rates in Docket No. G007,011/GR-08-835 until February 28, 2011. Please identify and

Response by: Seth DeMerritt _____

List sources of information:

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining the levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumption.

- i) Please identify each (and all) CIP project(s) in which each of the two MERC-NMU SLVI customers participated from the implementation of final rates in Docket No. G007,011/GR-08-835 until February 28, 2011. For each identified project, please provide a complete description of each rebated conservation improvement, the date the project was started, the date the project was completed, the total project cost, and the portion of the total project cost charged to the CIP tracker account.

MERC RESPONSE:

- a) No. There is one additional customer that receives natural gas under the MERC-NMU SLVI customer class.
- b) Blandin Paper receives natural gas service under the MERC-NMU SLVI customer class, and as seen in MERC's response to information request 618 has been an opt-out customer since 2/7/2000 per Docket 97-1189.19
- c) In Docket No. G007,011/GR-08-835 Line 9 of Exhibit ____ (SAG-1) and Line 2 of Exhibit ____ (SAG-1) identify the CIP opt-out customers as customers in the Transport-SLVI rate class. Both of these schedules were filed as part of Mr. Stephan Gunn's direct testimony and exhibits.

In the Direct Testimony of OES witness Mr. Adam Heinen the sales forecast for the MERC-NMU Transport-SLVI rate class was adjusted, and this new level of sales was ultimately agreed to by MERC and included in the updated CCRC calculation in Schedule E of MERC's September 21, 2009 compliance filing.

No discussion of the appropriateness of including all Transport-SLVI customers as opt-out customers occurred in Docket No. G007,011/GR-08-835.

- d) From July 2006 when MERC was acquired by Wisconsin Public Service Resources Corporation (now Integrys) and until January 1, 2010 MERC is certain that these two MERC-NMU SLVI customers were not charged a CCRC.

While MERC cannot be certain whether Aquila had charged a CCRC to these two customers prior to July 2006, it is believed they were not. During the process of mapping Aquila rate codes to MERC rate codes, Aquila rate codes were not combined in any fashion. The current MERC-NMU Transport SLVI customers are grouped together in one rate code with no distinction for billing purposes if these customers were opt-out customers or CIP participants.

Response by: Seth DeMerritt _____

List sources of information:

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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Therefore MERC believes it likely that Aquila did not distinguish between the opt-out customers or CIP participants either and, if so, it would mean that no CCRC revenues were likely collected under Aquila ownership.

- e) N/A
- f) These customers were not charged a CCRC since MERC acquired its Minnesota Gas operations because it was thought that all MERC-NMU Transport SLVI customers were opt-out customers and therefore that it was appropriate not to collect CCRC revenues from these customers. Please note that MERC is only assuming Aquila did not collect CCRC revenues from these customers based on the mapping process described in part d. MERC cannot offer an explanation as to why Aquila would not have collected CCRC revenues from these customers.

Please see Attachment_628_PUBLIC.xls. This attachment shows the usage by month of the two customers, the CCRC factor that was approved in Docket No. G007,011/GR-00-951 for the time period of May 2005 through December 2009, the CCRC factor that was approved in Docket No. G007,011/GR-08-835 for the time period of January 2010 through February 2011, and the revenues that would have been collected had the CCRC factor been applied to these customers. Please note MERC's answer to part d, and that MERC is assuming, but cannot confirm, that Aquila did not charge a CCRC factor to these customers. Also MERC only has usage back to May 2005 by customer, so cannot provide data back to the implementation of rates from Docket No. G007,011/GR-00-951, which appears to have occurred in December 2003.

- g) Since MERC acquired its Minnesota gas operations in July 2006, these customers have not participated in any CIP projects. MERC does not have any records of CIP project participation of these customers when MERC's Minnesota gas operations were under Aquila ownership.
- h) Please see Attachment_628_PUBLIC.xls. This attachment shows the usage by month of the two customers, the CCRC factor that was approved in Docket No. G007,011/GR-00-951 for the time period of May 2005 through December 2009, the CCRC factor that was approved in Docket No. G007,011/GR-08-835 for the time period of January 2010 through February 2011, and the revenues that would have been collected had the CCRC factor been applied to these customers. Please note MERC's answer to part d, and that MERC is assuming, but cannot confirm, Aquila did not charge a CCRC factor to these customers. Also MERC only has usage back to May 2005 by customer, so cannot provide data back to the implementation of rates from Docket No. G007,011/GR-00-951, which appears to have occurred in December 2003..
- i) Since the implementation of final rates in Docket No. G007,011/GR-08-835 these customers

Response by: Seth DeMerritt _____
Title: Rate Case Consultant _____
Department: Regulatory Affairs _____
Telephone: 920-433-2926 _____

List sources of information:

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have not participated in any CIP projects.

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Response by: Seth DeMerritt _____

List sources of information:

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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Customer Usage

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4095836
Sappi Fine Paper

Bill Mth/Yr	Usage in Therms	CCRC Factor	Revenues
February-11		0.00962	0
January-11		0.00962	0
December-10		0.00962	0
November-10		0.00962	0
October-10		0.00962	0
September-10		0.00962	0
August-10		0.00962	0
July-10		0.00962	0
June-10		0.00962	0
May-10		0.00962	0
April-10		0.00962	0
March-10		0.00962	0
February-10		0.00962	0
January-10		0.00962	0
Total January 2010 through February 2011			<u>0</u>

4281266
USG Interiors - Cloquet

Bill Mth/Yr	Usage in Therms	CCRC Factor	Revenues
February-11		0.00962	0
January-11		0.00962	0
December-10		0.00962	0
November-10		0.00962	0
October-10		0.00962	0
September-10		0.00962	0
August-10		0.00962	0
July-10		0.00962	0
June-10		0.00962	0
May-10		0.00962	0
April-10		0.00962	0
March-10		0.00962	0
February-10		0.00962	0
January-10		0.00962	0
			<u>0</u>

Final Rates from Docket No. G007,011/GR-08-835 were implemented Jan. 1, 2010

December-09	0.00280	0	December-09	0.00280	0
November-09	0.00280	0	November-09	0.00280	0
October-09	0.00280	0	October-09	0.00280	0
September-09	0.00280	0	September-09	0.00280	0
August-09	0.00280	0	August-09	0.00280	0
July-09	0.00280	0	July-09	0.00280	0
June-09	0.00280	0	June-09	0.00280	0
May-09	0.00280	0	May-09	0.00280	0
April-09	0.00280	0	April-09	0.00280	0
March-09	0.00280	0	March-09	0.00280	0
February-09	0.00280	0	February-09	0.00280	0
January-09	0.00280	0	January-09	0.00280	0
December-08	0.00280	0	December-08	0.00280	0
November-08	0.00280	0	November-08	0.00280	0
October-08	0.00280	0	October-08	0.00280	0
September-08	0.00280	0	September-08	0.00280	0
August-08	0.00280	0	August-08	0.00280	0
July-08	0.00280	0	July-08	0.00280	0
June-08	0.00280	0	June-08	0.00280	0
May-08	0.00280	0	May-08	0.00280	0
April-08	0.00280	0	April-08	0.00280	0
March-08	0.00280	0	March-08	0.00280	0
February-08	0.00280	0	February-08	0.00280	0
January-08	0.00280	0	January-08	0.00280	0
December-07	0.00280	0	December-07	0.00280	0
November-07	0.00280	0	November-07	0.00280	0
October-07	0.00280	0	October-07	0.00280	0
September-07	0.00280	0	September-07	0.00280	0

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August-07	0.00280	0	August-07	0.00280	0
July-07	0.00280	0	July-07	0.00280	0
June-07	0.00280	0	June-07	0.00280	0
May-07	0.00280	0	May-07	0.00280	0
April-07	0.00280	0	April-07	0.00280	0
March-07	0.00280	0	March-07	0.00280	0
February-07	0.00280	0	February-07	0.00280	0
January-07	0.00280	0	January-07	0.00280	0
December-06	0.00280	0	December-06	0.00280	0
November-06	0.00280	0	November-06	0.00280	0
October-06	0.00280	0	October-06	0.00280	0
September-06	0.00280	0	September-06	0.00280	0
August-06	0.00280	0	August-06	0.00280	0
July-06	0.00280	0	July-06	0.00280	0
June-06	0.00280	0	June-06	0.00280	0
May-06	0.00280	0	May-06	0.00280	0
April-06	0.00280	0	April-06	0.00280	0
March-06	0.00280	0	March-06	0.00280	0
February-06	0.00280	0	February-06	0.00280	0
January-06	0.00280	0	January-06	0.00280	0
December-05	0.00280	0	December-05	0.00280	0
November-05	0.00280	0	November-05	0.00280	0
October-05	0.00280	0	October-05	0.00280	0
September-05	0.00280	0	September-05	0.00280	0
August-05	0.00280	0	August-05	0.00280	0
July-05	0.00280	0	July-05	0.00280	0
June-05	0.00280	0	June-05	0.00280	0
May-05	0.00280	0	May-05	0.00280	0
Total May-2005 through December 2009		<u>0</u>			<u>0</u>

*The Revenue column is the revenue that would have been collected had a CCRC been charged to these customers.

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State of Minnesota
OFFICE OF ENERGY SECURITY

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Utility Information Request

Docket Number: G007,011/GR-10-977

Date of Request: April 6, 2011

Requested From: Minnesota Energy Resources Corporation
(MERC or the Company)

Response Due: April 18, 2011

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:Financial Rate of Return Rate Design
.....Engineering Forecasting Conservation
.....Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
633	<p>Subject: MERC's Conservation Cost Recovery Charge (CCRC) and Conservation Improvement Program (CIP) Opt-Out Customers</p> <p>Reference: The Company's Revised Response to Minnesota Office of Energy Security (OES) Information Request No. (IR) 618 in the Present Docket</p> <p>In its revised response to OES IR 618, MERC stated that in preparing its rate case filing in the present docket, the Company assumed CIP opt-out customers were synonymous with Super Large Volume (SLV) customers. MERC asserted that this assumption was reflected in the rate design and tariffs approved in Docket No. G007,011/GR-08-835, which set distribution charges for this customer class without a CCRC factor included. However, MERC stated that one customer grouped with the SLV rate class for MERC-PNG is not an opt-out customer. Rather, the Company stated that this customer is a Large Volume Interruptible flex rate customer that has the same distribution rate as the MERC-PNG SLV customers.</p> <p>a) Please provide each (and all) cite(s) to the record in Docket No. G007,011/GR-08-835 that substantiate(s) MERC's assertions that the rate design in that docket assumed all customers in the MERC-PNG SLV customer class were opt-out customers, and that a CCRC was not included in base rates for that customer class. Please also provide a complete discussion concerning the manner in which each of these cites substantiates the Company's assertion.</p>

(Continued on next page)

Response by: Seth DeMerritt _____ List sources of information: _____

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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- b) Was the MERC-PNG SLV customer identified by the Company charged a CCRC after the implementation of final rates in Docket No. G007,011/GR-00-951 and prior to implementation of final rates in Docket No. G007,011/GR-08-835?
- c) If the response to Part b) above is affirmative, please identify the CCRC that was charged to the MERC-PNG SLV customer during this period. Please also identify, by month, by year, and by total period, the CCRC revenues that had been collected from this customer. Please identify and provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining these levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumption.
- d) If the response to Part b) above is negative, please provide a complete discussion of the reasons for not charging a CCRC to the MERC-PNG SLV customer during this period. Please also identify, by month, by year, and by total period, the CCRC revenues that would have been collected from the customer assuming the customer had been assessed the approved CCRC from the time of implementation of final rates in Docket No. G007,011/GR-00-951 and to the implementation of final rates in Docket No. G007,011/GR-08-835. In addition, please identify and provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining these levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumption.
- e) Please identify each (and all) CIP project(s) in which the MERC-PNG SLV customer participated from the time of implementation of final rates in Docket No. G007,011/GR-00-951 and until the implementation of final rates in Docket No. G007,011/GR-08-835. For each identified project, please provide a description of each rebated conservation improvement, the date the project was implemented, the date the project was completed, the total project cost, and the portion of the total project cost charged to the CIP tracker account.
- f) Please identify, by month, by year, and by total period, the amount of CCRC revenues that would have been recovered from the MERC-PNG SLV customer assuming the customer had been assessed the approved CCRC from the time of implementation of final rates in Docket No. G007,011/GR-08-835 until February 28, 2011. Please identify and provide a complete description of each (and all) calculation(s) and underlying assumption(s) used in determining these levels of CCRC revenues, together with the Company's rationale for using each calculation and underlying assumption.
- g) Please identify each (and all) CIP project(s) in which the MERC-PNG SLV customer participated from the time of implementation of final rates in Docket No. G007,011/GR-08-835 until February 28, 2011. For each identified project, please provide a description of each rebated conservation improvement, the date the project was implemented, the date the project was completed, the total project cost, and the portion of the total project cost charged to the CIP tracker account.

Response by: Seth DeMerritt _____

List sources of information: _____

Title: Rate Case Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

Docket No. G007,011/GR-10-977 _____

DOC Exhibit ___ at (BJM-6) _____

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MERC Response:

- a) In Docket No. G007,011/GR-08-835 Line 9 of Exhibit ____ (SAG-1) and Line 2 of Exhibit ____ (SAG-2) identify the CIP opt-out customers as customers in the Transport-SLVI rate class. Both of these schedules were filed as part of Mr. Stephan Gunn's direct testimony and exhibits.

In the Direct Testimony of OES witness Mr. Adam Heinen the sales forecast for the MERC-PNG Transport-SLVI rate class was adjusted, and this new level of sales was ultimately agreed to by MERC and included in the updated CCRC calculation in Schedule E of MERC's September 21, 2009 compliance filing.

No discussion of the appropriateness of including all Transport-SLVI customers as opt-out customers occurred in Docket No. G007,011/GR-08-835.

- b) Yes, this customer has been charged a CCRC at least since the time MERC acquired the natural gas operations of Aquila in July 2006 through the present. From July 2006 when MERC acquired Aquila's operations and until January 1, 2010 MERC calculated CCRC revenues on an actual basis based on a CCRC factor of \$0.00329 per therm and credited these revenues to the CIP tracker balance for this MERC-PNG customer. Following implementation of final rates in Docket No. G007,011/GR-08-835 on January 1, 2010, MERC continued to credit the MERC-PNG CIP tracker account. The sales for this customer, however, were not included in the calculation of the CCRC factor for MERC-PNG in Docket No. G07,011/GR-08-835 MERC.

While MERC cannot be certain whether Aquila had charged a CCRC to this customer prior to July 2006, MERC believes that Aquila did charge this customer a CCRC factor.

- c) Please see Attachment _633_PUBLIC.xls.
- d) N/A
- e) Since MERC acquired its Minnesota gas operations in July 2006, this customer has not participated in any CIP projects. MERC does not have any records of CIP project participation of this customer when MERC's Minnesota gas operations were under Aquila ownership.
- f) While the CCRC factor was incorrectly calculated in Docket No. G007,011/GR-08-835, the approved CCRC factor was applied to this customer and CCRC revenues were credited to the MERC-PNG CIP tracker account during this time frame. Please see Attachment _633_PUBLIC.xls.
- g) Since the implementation of final rates in Docket No. G007,011/GR-08-835 this customer has

Response by: Seth DeMerritt _____

List sources of information: _____

Title: Rate Case-Consultant _____

Department: Regulatory Affairs _____

Telephone: 920-433-2926 _____

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not participated in any CIP projects.

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Response by: Seth DeMerritt_____

List sources of information:

Title: Rate Case Consultant_____

Department: Regulatory Affairs_____

Telephone: 920-433-2926_____

[TRADE SECRET DATA BEGINS]

Customer Usage

Docket No. G007,011/GR-10-977

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PUBLIC**4306341****Interstate Power & Light**

Bill Mth/Yr	Usage in Therms	CCRC Factor	Revenues
February-11		0.00652	0
January-11		0.00652	0
December-10		0.00652	0
November-10		0.00652	0
October-10		0.00652	0
September-10		0.00652	0
August-10		0.00652	0
July-10		0.00652	0
June-10		0.00652	0
May-10		0.00652	0
April-10		0.00652	0
March-10		0.00652	0
February-10		0.00652	0
January-10		0.00652	0
Total January 2010 through February 2011			<u>0</u>

Final Rates from Docket No. G007,011/GR-08-835 were implemented Jan. 1, 2010

December-09		0.00329	0
November-09		0.00329	0
October-09		0.00329	0
September-09		0.00329	0
August-09		0.00329	0
July-09		0.00329	0
June-09		0.00329	0
May-09		0.00329	0
April-09		0.00329	0
March-09		0.00329	0
February-09		0.00329	0
January-09		0.00329	0
December-08		0.00329	0
November-08		0.00329	0
October-08		0.00329	0
September-08		0.00329	0
August-08		0.00329	0
July-08		0.00329	0
June-08		0.00329	0
May-08		0.00329	0
April-08		0.00329	0

[TRADE SECRET DATA ENDS]

[TRADE SECRET DATA BEGINS

March-08	0.00329	0
February-08	0.00329	0
January-08	0.00329	0
December-07	0.00329	0
November-07	0.00329	0
October-07	0.00329	0
September-07	0.00329	0
August-07	0.00329	0
July-07	0.00329	0
June-07	0.00329	0
May-07	0.00329	0
April-07	0.00329	0
March-07	0.00329	0
February-07	0.00329	0
January-07	0.00329	0
December-06	0.00329	0
November-06	0.00329	0
October-06	0.00329	0
September-06	0.00329	0
August-06	0.00329	0
July-06	0.00329	0
June-06	0.00329	0
May-06	0.00329	0
April-06	0.00329	0
March-06	0.00329	0
February-06	0.00329	0
January-06	0.00329	0
December-05	0.00329	0
November-05	0.00329	0
October-05	0.00329	0
September-05	0.00329	0
August-05	0.00329	0
July-05	0.00329	0
June-05	0.00329	0
May-05	0.00329	0
Total May-2005 through December 2009		<u>0</u>

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*The Revenue column is the revenue that would have been collected had a CCRC been charged to these customers.

Attachment G

Refund Plan

In compliance with the Commission's Order in Docket No. G007,011/GR-10-977, dated July 13, 2012, MERC submits its proposed Refund Plan. MERC proposes to refund with interest the difference between MERC's interim annual revenue increase, and MERC's final annual revenue increase.

On January 28, 2011, the Commission issued its Order setting interim rates, and authorized an interim annual revenue increase of \$7,525,236 (MERC-PNG \$5,628,322 and MERC-NMU \$1,896,914) for service on and after February 1, 2011. In its Order dated July 13, 2012, the Commission authorized a final annual revenue increase of \$11,047,296 (MERC-PNG \$9,938,110 and MERC-NMU \$1,109,110 per MERC's filed rate design). For purposes of calculating the interim refund, the increase in CIP expenses was removed from the final ordered increase. By doing this the final revenues used in the refund calculation are on an apples to apples basis with the revenues collected during interim rates.

No refund is needed for the MERC-PNG customers as the final revenues less the increase in CIP expenses are greater than the interim revenues ordered.

For MERC-NMU the difference between the interim annual revenue increase and the final annual revenue increase, less the increase in CIP expenses, plus interest, will be used to determine the base percentage amount to be refunded. The results, stated as a percentage of 77.95%, will be applied to the interim amounts actually charged to customers. Interest at the average prime rate has been included in the refund calculation. Please note that the attached schedules are based on actual interim charge data through August 2012 business, and no interim charge data for September – November 2012 business.

For every customer assessed interim charges, a refund will be calculated based on each customer's actual assessed interim charges multiplied by approximately 77.95% for MERC-NMU customers. Applicable franchise fees and sales taxes will be applied to the refund amount. Existing customers will receive a bill credit. Customers due a refund who are no longer are customers of MERC will receive a check if the refund amount is greater than \$2. Un-refunded monies will be handled in accordance with Minn. Stat. § 345.34. MERC proposes that after attempting to locate former customers who no longer take service from the Company, all un-refunded monies will be submitted to the Salvation Army Northern Division for distribution to clients under the Minnesota HeatShare Program. This will permit the refund monies to help offset costs of low income customers.

Refunds will be credited to customer accounts during February 2013, and will be credited to the customer's bill received in February 2013. As soon as practicable after the information becomes available, MERC shall file a report showing the calculation of the total actual refund, including interest. The format of this report can be seen on page 7 of this Schedule.

Minn. Stat. § 216B.27 subd. 3, requires MERC to commence the refund within 120 days from the date of the final determination of the final hearing. To comply with this requirement, Interim rates will be terminated for service rendered after November 31, 2012, and final rates will be implemented on December 1, 2012. Thus, under this schedule, final interim revenues would be

available in late January 2013, enabling MERC to calculate the interim refund factor in January 2013, and commence the refund in February 2013.

Minnesota Energy Resources Corporation
PNG Jurisdiction
Docket No. G007,011/GR-10-977 - Compliance Filing
Interim Refund Summary

Line No.	Test Year Basis	Total-PNG	PNG Super Large Volume*	PNG without Super Large Volume
1	Initial Ordered Interim Increase	\$ 5,716,422	\$ 94,814	\$ 5,621,608
2	Waived Interim Relief	\$ 88,101	\$ 88,101	\$ -
3	Total Interim Increase Line 1 - Line 2	\$ 5,628,321	\$ 6,713	\$ 5,621,608
4	Final Ordered Increase Less Increase in CIP	\$ 6,147,576	\$ 8,640	\$ 6,138,936
5	Test Year Refund Line 3 - Line 4	\$ (519,255)	\$ (1,927)	\$ (517,328)
6	Interim Refund Factor Line 5 / Line 3	-9.23%	-28.70%	-9.20%
Actual Basis				
7	Interim Increase Collected Attachment 1, Page 2	\$ 7,133,029	\$ 6,738	\$ 7,126,292
8	Refund Obligation (without Interest) Line 6 * Line 7	\$ (658,075)	\$ (1,934)	\$ (655,796)
9	Actual Ordered Interim Increase Line 7 - Line 8	\$ 7,791,104	\$ 8,672	\$ 7,782,087
10	Interest Attachment 1, Page 2	\$ (17,673)	\$ (47)	\$ (17,613)
11	Total Refund Obligation Line 8 + Line 10	\$ (675,748)	\$ (1,981)	\$ (673,409)
12	Refund Factor Line 11 / Line 7	-9.47%	-29.41%	-9.45%
13	Average Residential Refund			

* Rate Codes 2J704, 2J705, & 2J739

Minnesota Energy Resources Corporation
 PNG Jurisdiction
 Docket No. G007,011/GR-10-977 - Compliance Filing
 Interim Refund Summary

Total PNG

Billing Month	Interim Increase	Interim Allowed	Difference	Beginning Balance	Ending Balance	Average Balance	Number of Days	Annual Interest*	Monthly Interest
February-11	\$ 199,956	\$ 218,403	\$ (18,447)	\$ -	\$ (18,447)	\$ (9,224)	28	3.25%	\$ (23)
March-11	\$ 657,845	\$ 718,537	\$ (60,691)	\$ (18,470)	\$ (79,162)	\$ (48,816)	31	3.25%	\$ (135)
April-11	\$ 541,697	\$ 591,673	\$ (49,976)	\$ (79,296)	\$ (129,272)	\$ (104,284)	30	3.25%	\$ (279)
May-11	\$ 401,870	\$ 438,946	\$ (37,076)	\$ (129,550)	\$ (166,626)	\$ (148,088)	31	3.25%	\$ (409)
June-11	\$ 266,042	\$ 290,587	\$ (24,544)	\$ (167,035)	\$ (191,579)	\$ (179,307)	30	3.25%	\$ (479)
July-11	\$ 228,555	\$ 249,640	\$ (21,086)	\$ (192,058)	\$ (213,144)	\$ (202,601)	31	3.25%	\$ (559)
August-11	\$ 218,325	\$ 238,467	\$ (20,142)	\$ (213,703)	\$ (233,845)	\$ (223,774)	31	3.25%	\$ (618)
September-11	\$ 223,567	\$ 244,193	\$ (20,626)	\$ (234,463)	\$ (255,089)	\$ (244,776)	30	3.25%	\$ (654)
October-11	\$ 257,015	\$ 280,727	\$ (23,712)	\$ (255,743)	\$ (279,454)	\$ (267,598)	31	3.25%	\$ (739)
November-11	\$ 342,535	\$ 374,136	\$ (31,601)	\$ (280,193)	\$ (311,794)	\$ (295,994)	30	3.25%	\$ (791)
December-11	\$ 547,118	\$ 597,594	\$ (50,476)	\$ (312,585)	\$ (363,061)	\$ (337,823)	31	3.25%	\$ (932)
January-12	\$ 639,416	\$ 698,407	\$ (58,991)	\$ (363,993)	\$ (422,984)	\$ (393,489)	31	3.25%	\$ (1,083)
February-12	\$ 692,958	\$ 756,888	\$ (63,931)	\$ (424,067)	\$ (487,998)	\$ (456,032)	29	3.25%	\$ (1,174)
March-12	\$ 584,963	\$ 638,930	\$ (53,967)	\$ (489,172)	\$ (543,139)	\$ (516,156)	31	3.25%	\$ (1,421)
April-12	\$ 357,932	\$ 390,954	\$ (33,022)	\$ (544,560)	\$ (577,582)	\$ (561,071)	30	3.25%	\$ (1,495)
May-12	\$ 311,377	\$ 340,104	\$ (28,727)	\$ (579,077)	\$ (607,803)	\$ (593,440)	31	3.25%	\$ (1,634)
June-12	\$ 234,770	\$ 256,430	\$ (21,659)	\$ (609,437)	\$ (631,096)	\$ (620,267)	30	3.25%	\$ (1,652)
July-12	\$ 215,620	\$ 235,512	\$ (19,893)	\$ (632,749)	\$ (652,641)	\$ (642,695)	31	3.25%	\$ (1,769)
August-12	\$ 211,467	\$ 230,976	\$ (19,509)	\$ (654,410)	\$ (673,920)	\$ (664,165)	31	3.25%	\$ (1,828)
September-12	\$ -	\$ -	\$ -	\$ (675,748)	\$ (675,748)	\$ (675,748)	30		\$ -
October-12	\$ -	\$ -	\$ -	\$ (675,748)	\$ (675,748)	\$ (675,748)	31		\$ -
November-12	\$ -	\$ -	\$ -	\$ (675,748)	\$ (675,748)	\$ (675,748)	30		\$ -
December-12	\$ -	\$ -	\$ -	\$ (675,748)	\$ (675,748)	\$ (675,748)	31		\$ -
January-13	\$ -	\$ -	\$ -	\$ (675,748)	\$ (675,748)	\$ (675,748)	31		\$ -
February-13	\$ -	\$ -	\$ -	\$ (675,748)	\$ -	\$ (337,874)	28		\$ -
Total	\$ 7,133,029	\$ 7,791,104	\$ (658,075)						\$ (17,673)

PNG -Super Large Volume

Billing Month	Interim Increase	Interim Allowed	Difference	Beginning Balance	Ending Balance	Average Balance	Number of Days	Annual Interest*	Monthly Interest
February-11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	28	3.25%	\$ -
March-11	\$ 369	\$ 475	\$ (106)	\$ -	\$ (106)	\$ (53)	31	3.25%	\$ (0)
April-11	\$ 369	\$ 475	\$ (106)	\$ (106)	\$ (212)	\$ (159)	30	3.25%	\$ (0)
May-11	\$ 369	\$ 475	\$ (106)	\$ (213)	\$ (318)	\$ (265)	31	3.25%	\$ (1)
June-11	\$ 369	\$ 475	\$ (106)	\$ (319)	\$ (425)	\$ (372)	30	3.25%	\$ (1)
July-11	\$ 369	\$ 475	\$ (106)	\$ (426)	\$ (532)	\$ (479)	31	3.25%	\$ (1)
August-11	\$ 369	\$ 475	\$ (106)	\$ (533)	\$ (639)	\$ (586)	31	3.25%	\$ (2)
September-11	\$ 369	\$ 475	\$ (106)	\$ (641)	\$ (747)	\$ (694)	30	3.25%	\$ (2)
October-11	\$ 369	\$ 475	\$ (106)	\$ (749)	\$ (855)	\$ (802)	31	3.25%	\$ (2)
November-11	\$ 369	\$ 475	\$ (106)	\$ (857)	\$ (963)	\$ (910)	30	3.25%	\$ (2)
December-11	\$ 369	\$ 475	\$ (106)	\$ (965)	\$ (1,071)	\$ (1,018)	31	3.25%	\$ (3)
January-12	\$ 369	\$ 475	\$ (106)	\$ (1,074)	\$ (1,180)	\$ (1,127)	31	3.25%	\$ (3)
February-12	\$ 369	\$ 475	\$ (106)	\$ (1,183)	\$ (1,289)	\$ (1,236)	29	3.25%	\$ (3)
March-12	\$ 369	\$ 475	\$ (106)	\$ (1,292)	\$ (1,398)	\$ (1,345)	31	3.25%	\$ (4)
April-12	\$ 369	\$ 475	\$ (106)	\$ (1,402)	\$ (1,508)	\$ (1,455)	30	3.25%	\$ (4)
May-12	\$ 369	\$ 475	\$ (106)	\$ (1,512)	\$ (1,618)	\$ (1,565)	31	3.25%	\$ (4)
June-12	\$ 369	\$ 475	\$ (106)	\$ (1,622)	\$ (1,728)	\$ (1,675)	30	3.25%	\$ (4)
July-12	\$ 369	\$ 475	\$ (106)	\$ (1,733)	\$ (1,839)	\$ (1,786)	31	3.25%	\$ (5)
August-12	\$ 462	\$ 594	\$ (132)	\$ (1,844)	\$ (1,976)	\$ (1,910)	31	3.25%	\$ (5)
September-12	\$ -	\$ -	\$ -	\$ (1,981)	\$ (1,981)	\$ (1,981)	30	0.00%	\$ -
October-12	\$ -	\$ -	\$ -	\$ (1,981)	\$ (1,981)	\$ (1,981)	31	0.00%	\$ -
November-12	\$ -	\$ -	\$ -	\$ (1,981)	\$ (1,981)	\$ (1,981)	30	0.00%	\$ -
December-12	\$ -	\$ -	\$ -	\$ (1,981)	\$ (1,981)	\$ (1,981)	31	0.00%	\$ -
January-13	\$ -	\$ -	\$ -	\$ (1,981)	\$ (1,981)	\$ (1,981)	31	0.00%	\$ -
February-13	\$ -	\$ -	\$ -	\$ (1,981)	\$ -	\$ (991)	28	0.00%	\$ -
Total	\$ 6,738	\$ 8,672	\$ (1,934)						\$ (47)

PNG -Without Super Large Volume

Billing Month	Interim Increase	Interim Allowed	Difference	Beginning Balance	Ending Balance	Average Balance	Number of Days	Annual Interest*	Monthly Interest
February-11	\$ 199,956	\$ 218,357	\$ (18,401)	\$ -	\$ (18,401)	\$ (9,200)	28	3.25%	\$ (23)
March-11	\$ 657,476	\$ 717,980	\$ (60,504)	\$ (18,424)	\$ (78,928)	\$ (48,676)	31	3.25%	\$ (134)
April-11	\$ 541,328	\$ 591,144	\$ (49,816)	\$ (79,062)	\$ (128,878)	\$ (103,970)	30	3.25%	\$ (278)
May-11	\$ 401,501	\$ 438,449	\$ (36,948)	\$ (129,156)	\$ (166,104)	\$ (147,630)	31	3.25%	\$ (407)
June-11	\$ 265,673	\$ 290,122	\$ (24,449)	\$ (166,511)	\$ (190,960)	\$ (178,736)	30	3.25%	\$ (477)
July-11	\$ 228,185	\$ 249,184	\$ (20,999)	\$ (191,437)	\$ (212,436)	\$ (201,937)	31	3.25%	\$ (557)
August-11	\$ 217,956	\$ 238,013	\$ (20,057)	\$ (212,993)	\$ (233,051)	\$ (223,022)	31	3.25%	\$ (616)
September-11	\$ 223,198	\$ 243,738	\$ (20,540)	\$ (233,666)	\$ (254,206)	\$ (243,936)	30	3.25%	\$ (652)
October-11	\$ 256,646	\$ 280,264	\$ (23,618)	\$ (254,858)	\$ (278,476)	\$ (266,667)	31	3.25%	\$ (736)
November-11	\$ 342,165	\$ 373,653	\$ (31,488)	\$ (279,212)	\$ (310,699)	\$ (294,956)	30	3.25%	\$ (788)
December-11	\$ 546,749	\$ 597,064	\$ (50,315)	\$ (311,487)	\$ (361,802)	\$ (336,645)	31	3.25%	\$ (929)
January-12	\$ 639,047	\$ 697,855	\$ (58,808)	\$ (362,731)	\$ (421,539)	\$ (392,135)	31	3.25%	\$ (1,079)
February-12	\$ 692,589	\$ 756,324	\$ (63,735)	\$ (422,619)	\$ (486,354)	\$ (454,486)	29	3.25%	\$ (1,170)
March-12	\$ 584,594	\$ 638,391	\$ (53,797)	\$ (487,524)	\$ (541,322)	\$ (514,423)	31	3.25%	\$ (1,416)
April-12	\$ 357,563	\$ 390,468	\$ (32,905)	\$ (542,738)	\$ (575,642)	\$ (559,190)	30	3.25%	\$ (1,490)
May-12	\$ 311,008	\$ 339,628	\$ (28,620)	\$ (577,132)	\$ (605,752)	\$ (591,442)	31	3.25%	\$ (1,628)
June-12	\$ 234,401	\$ 255,972	\$ (21,571)	\$ (607,381)	\$ (628,951)	\$ (618,166)	30	3.25%	\$ (1,647)
July-12	\$ 215,250	\$ 235,059	\$ (19,808)	\$ (630,598)	\$ (650,406)	\$ (640,502)	31	3.25%	\$ (1,763)
August-12	\$ 211,005	\$ 230,423	\$ (19,418)	\$ (652,170)	\$ (671,587)	\$ (661,878)	31	3.25%	\$ (1,822)
September-12	\$ -	\$ -	\$ -	\$ (673,409)	\$ (673,409)	\$ (673,409)	30	0.00%	\$ -
October-12	\$ -	\$ -	\$ -	\$ (673,409)	\$ (673,409)	\$ (673,409)	31	0.00%	\$ -
November-12	\$ -	\$ -	\$ -	\$ (673,409)	\$ (673,409)	\$ (673,409)	30	0.00%	\$ -
December-12	\$ -	\$ -	\$ -	\$ (673,409)	\$ (673,409)	\$ (673,409)	31	0.00%	\$ -
January-13	\$ -	\$ -	\$ -	\$ (673,409)	\$ (673,409)	\$ (673,409)	31	0.00%	\$ -
February-13	\$ -	\$ -	\$ -	\$ (673,409)	\$ -	\$ (336,705)	31	0.00%	\$ -
Total	\$ 7,126,292	\$ 7,782,087	\$ (655,795)						\$ (17,613)

Monthly Interest is calculated by dividing the Annual interest rate by 365 days of the year, and then multiplying the daily interest rate by the number of days in the month and the monthly average balance.

Interest Rates Can be found at <http://www.federalreserve.gov/datadownload/Build.aspx?rel=H15>, and then by selecting Interest Rates, Prime, NA, and Monthly in the drop down boxes. This will provide a link to the a schedule showing the interest rates used on this sheet.

Minnesota Energy Resources Corporation
NMU Jurisdiction
Docket No. G007,011/GR-10-977 - Compliance Filing
Interim Refund Summary

Line No.	Test Year Basis	Total-NMU
1	Initial Ordered Interim Increase	\$ 1,896,914
2	Waived Interim Relief	\$ -
3	Total Interim Increase Line 1 - Line 2	\$ 1,896,914
4	Final Ordered Increase Less Increase in CIP	\$ 456,802
5	Test Year Refund Line 3 - Line 4	\$ 1,440,112
6	Interim Refund Factor Line 5 / Line 3	75.92%
Actual Basis		
7	Interim Increase Collected Attachment 1, Page 4	\$ 2,672,561
8	Refund Obligation (without Interest) Line 6 * Line 7	\$ 2,028,973
9	Actual Ordered Interim Increase Line 7 - Line 8	\$ 643,589
10	Interest Attachment 1, Page 4	\$ 54,238
11	Total Refund Obligation Line 8 + Line 10	\$ 2,083,211
12	Refund Factor Line 11 / Line 7	77.95%
13	Average Residential Refund	\$ -

Minnesota Energy Resources Corporation
NMU Jurisdiction
Docket No. G007,011/GR-10-977 - Compliance Filing
Interim Refund Summary

Total NMU

Billing Month	Interim Increase	Interim Allowed	Difference	Beginning Balance	Ending Balance	Average Balance	Number of Days	Annual Interest*	Monthly Interest
February-11	\$ 78,704	\$ 18,953	\$ 59,751	\$ -	\$ 59,751	\$ 29,876	28	3.25%	\$ 74
March-11	\$ 245,262	\$ 59,062	\$ 186,199	\$ 59,826	\$ 246,025	\$ 152,925	31	3.25%	\$ 422
April-11	\$ 207,440	\$ 49,954	\$ 157,485	\$ 246,447	\$ 403,932	\$ 325,190	30	3.25%	\$ 869
May-11	\$ 153,198	\$ 36,892	\$ 116,306	\$ 404,801	\$ 521,107	\$ 462,954	31	3.25%	\$ 1,278
June-11	\$ 94,351	\$ 22,721	\$ 71,630	\$ 522,385	\$ 594,015	\$ 558,200	30	3.25%	\$ 1,491
July-11	\$ 76,287	\$ 18,371	\$ 57,916	\$ 595,506	\$ 653,422	\$ 624,464	31	3.25%	\$ 1,724
August-11	\$ 65,358	\$ 15,739	\$ 49,619	\$ 655,145	\$ 704,764	\$ 679,955	31	3.25%	\$ 1,877
September-11	\$ 72,224	\$ 17,392	\$ 54,831	\$ 706,641	\$ 761,472	\$ 734,057	30	3.25%	\$ 1,961
October-11	\$ 87,383	\$ 21,043	\$ 66,340	\$ 763,433	\$ 829,773	\$ 796,603	31	3.25%	\$ 2,199
November-11	\$ 133,852	\$ 32,233	\$ 101,619	\$ 831,972	\$ 933,591	\$ 882,781	30	3.25%	\$ 2,358
December-11	\$ 210,854	\$ 50,777	\$ 160,078	\$ 935,949	\$ 1,096,027	\$ 1,015,988	31	3.25%	\$ 2,804
January-12	\$ 251,581	\$ 60,584	\$ 190,997	\$ 1,098,831	\$ 1,289,828	\$ 1,194,330	31	3.25%	\$ 3,288
February-12	\$ 264,370	\$ 63,664	\$ 200,707	\$ 1,293,116	\$ 1,493,822	\$ 1,393,469	29	3.25%	\$ 3,588
March-12	\$ 221,599	\$ 53,364	\$ 168,235	\$ 1,497,411	\$ 1,665,646	\$ 1,581,528	31	3.25%	\$ 4,354
April-12	\$ 159,091	\$ 38,311	\$ 120,780	\$ 1,669,999	\$ 1,790,779	\$ 1,730,389	30	3.25%	\$ 4,610
May-12	\$ 126,635	\$ 30,495	\$ 96,139	\$ 1,795,389	\$ 1,891,528	\$ 1,843,458	31	3.25%	\$ 5,075
June-12	\$ 84,319	\$ 20,305	\$ 64,014	\$ 1,896,603	\$ 1,960,617	\$ 1,928,610	30	3.25%	\$ 5,138
July-12	\$ 69,714	\$ 16,788	\$ 52,926	\$ 1,965,754	\$ 2,018,681	\$ 1,992,217	31	3.25%	\$ 5,484
August-12	\$ 70,339	\$ 16,939	\$ 53,401	\$ 2,024,165	\$ 2,077,565	\$ 2,050,865	31	3.25%	\$ 5,645
September-12		\$ -	\$ -	\$ 2,083,211	\$ 2,083,211	\$ 2,083,211	30	0.00%	\$ -
October-12		\$ -	\$ -	\$ 2,083,211	\$ 2,083,211	\$ 2,083,211	31	0.00%	\$ -
November-12		\$ -	\$ -	\$ 2,083,211	\$ 2,083,211	\$ 2,083,211	30	0.00%	\$ -
December-12		\$ -	\$ -	\$ 2,083,211	\$ 2,083,211	\$ 2,083,211	31	0.00%	\$ -
		\$ -	\$ -	\$ 2,083,211	\$ 2,083,211	\$ 2,083,211	31	0.00%	\$ -
		\$ -	\$ -	\$ 2,083,211	\$ -	\$ 1,041,605	28	0.00%	\$ -
Total	\$ 2,672,561	\$ 643,589	\$ 2,028,973						\$ 54,238

Monthly Interest is calculated by dividing the Annual interest rate by 365 days of the year, and then multiplying the daily interest rate by the number of days in the month and the monthly average balance.

Interest Rates Can be found at <http://www.federalreserve.gov/datadownload/Build.aspx?rel=H15>, and then by selecting Interest Rates, Prime, NA, and Monthly in the drop down boxes. This will provide a link to the a schedule showing the interest rates used on this sheet.

Minnesota Energy Resources Corporation
 Docket No. G007,011/GR-10-977 - Compliance Filing
 Interim Refund Summary

MERC-PNG	Description	Total Refund	Refund Principal	Refund Interest
	Northern Natural Gas Pipeline			
	GS-1 Residential	\$0.00		
	GS-1 Small C & I	\$0.00		
	GS-1 Large C & I	\$0.00		
	Small Volume Interruptible - 1	\$0.00		
	Small Volume Joint - 1	\$0.00		
	Large Volume Interruptible - 1 Main Line	\$0.00		
	Large Volume Interruptible - 1 Town Plant	\$0.00		
	Transport Small Volume Interruptible - 1	\$0.00		
	Transport Small Volume Joint - 1	\$0.00		
	Transport Large Volume Interruptible - 1 Main Line	\$0.00		
	Transport Large Volume Interruptible - 1 Town Plant	\$0.00		
	Transport Large Volume Joint - 1 Main Line	\$0.00		
	Transport Large Volume Joint - 1 Town Plant	\$0.00		
	Transport for Resale	\$0.00		
	Viking Pipeline			
	GS-4 Residential	\$0.00		
	GS-4 Small C & I	\$0.00		
	GS-4 Large C & I	\$0.00		
	Small Volume Interruptible - 4	\$0.00		
	Small Volume Joint - 4	\$0.00		
	Large Volume Interruptible -4	\$0.00		
	Transport Small Volume Interruptible - 4	\$0.00		
	Great Lakes Pipeline			
	GS-5 Residential	\$0.00		
	GS-5 Small C & I	\$0.00		
	GS-5 Large C & I	\$0.00		
	Small Volume Interruptible - 5	\$0.00		
	Small Volume Joint - 5	\$0.00		
	Transport Small Volume Interruptible - 5	\$0.00		
	Transport Large Volume Joint - 5 Town Plant	\$0.00		
Total MERC-PNG without Super Large Customers		\$0.00	\$0.00	\$0.00
Total MERC-PNG Super Large Customers		\$0.00		
Total MERC-PNG		\$0.00	\$0.00	\$0.00
MERC-NMU				
	GS Residential	\$0.00		
	GS Small C & I	\$0.00		
	GS Large C & I	\$0.00		
	Small Volume Interruptible	\$0.00		
	Large Volume Interruptible Town Plant	\$0.00		
	Transport Large Volume Interruptible Main Line	\$0.00		
	Transport Large Volume Interruptible Town Plant	\$0.00		
	Transport Large Volume Joint Town Plant	\$0.00		
	Transport Small Volume Interruptible	\$0.00		
	Transport Small Volume Joint	\$0.00		
Total MERC-NMU		\$0.00	\$0.00	\$0.00
Total MERC		\$0.00	\$0.00	\$0.00

	PNG	NMU	PNG-SLVI	PNG-SLVJ
CIP Applicable Sales	440,263,239	118,394,313	2,466,316	41,289,215
Current CCRC	\$ 0.00652	\$ 0.00962	\$ -	\$ -
Proposed CCRC	\$ 0.01513	\$ 0.01513	\$ 0.01513	\$ 0.01513
Increase in CCRC	\$ 0.00861	\$ 0.00551	\$ 0.01513	\$ 0.01513
Increase related to CIP	\$ 3,790,666.49	\$ 652,352.66	\$ 37,315.36	\$ 624,705.82

Attachment H

Forecasted Sales

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Dec to be used for 2012	Jan - Dec to be used for 2013 & 2014	Jan - Nov to be used for 2015
General Service - Residential																
MERC-PNG-NNG	24,012,462	19,712,672	16,657,285	10,108,087	5,667,540	2,786,970	2,292,116	2,408,336	4,366,087	9,129,545	13,978,931	20,321,130	131,441,161	20,321,130	131,441,161	111,120,031
MERC-PNG-Viking	541,666	454,910	397,960	235,185	131,378	62,691	42,867	40,170	79,637	194,578	377,620	499,729	3,058,391	499,729	3,058,391	2,558,662
MERC-PNG-GLGT	782,311	644,265	561,212	337,529	177,600	70,394	46,744	46,286	94,544	297,233	514,133	734,214	4,306,465	734,214	4,306,465	3,572,251
MERC-NMU	5,702,504	4,875,140	3,867,955	2,213,127	1,184,191	387,262	150,943	184,526	575,131	1,889,590	3,336,127	5,037,900	29,404,396	5,037,900	29,404,396	24,366,496
Total Residential	31,038,943	25,686,987	21,484,412	12,893,928	7,160,709	3,307,317	2,532,670	2,679,318	5,115,399	11,510,946	18,206,811	26,592,973	168,210,413	26,592,973	168,210,413	141,617,440
General Service - Small Commercial and Industrial																
MERC-PNG-NNG	1,221,987	1,076,193	855,315	458,993	221,828	85,391	80,453	76,361	123,664	271,458	584,128	850,611	5,906,382	850,611	5,906,382	5,055,771
MERC-PNG-Viking	44,894	39,288	31,972	16,519	8,396	4,474	3,906	4,130	7,868	16,751	24,298	39,057	241,553	39,057	241,553	202,496
MERC-PNG-GLGT	88,730	73,150	59,265	35,974	16,577	8,309	7,072	5,994	14,966	31,335	54,570	74,462	470,404	74,462	470,404	395,942
MERC-NMU	525,362	211,042	338,774	191,453	93,835	26,450	12,715	17,305	59,278	138,373	256,207	409,659	2,280,453	409,659	2,280,453	1,870,794
Total Small C&I	1,880,973	1,399,673	1,285,326	702,939	340,636	124,624	104,146	103,790	205,776	457,917	919,203	1,373,789	8,898,792	1,373,789	8,898,792	7,525,003

Forecasted Customers

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Dec to be used for 2012	Average Customers Jan - Dec to be used for 2013 & 2014	Jan - Nov to be used for 2015
General Service - Residential																
MERC-PNG-NNG	145,535	145,707	145,801	145,847	145,983	145,101	144,773	144,677	144,468	144,799	145,163	146,118	1,743,972	146,118	145,331	145,259
MERC-PNG-Viking	3,988	3,917	3,942	3,952	3,943	3,891	3,834	3,826	3,867	3,847	3,899	4,057	46,963	4,057	3,914	3,901
MERC-PNG-GLGT	5,335	5,011	5,018	5,138	5,199	5,062	5,216	5,124	5,127	5,119	5,142	5,302	61,793	5,302	5,149	5,136
MERC-NMU	36,074	35,890	35,724	35,756	35,452	35,208	35,031	35,137	34,988	35,247	35,471	35,796	425,774	35,796	35,481	35,453
Total Residential	190,932	190,525	190,485	190,693	190,577	189,262	188,854	188,764	188,450	189,012	189,675	191,273	2,278,502	191,273	189,875	189,749
General Service - Small Commercial and Industrial																
MERC-PNG-NNG	6,252	6,232	6,219	6,224	6,237	6,168	6,225	6,141	6,069	6,083	6,114	6,206	74,170	6,206	6,181	6,179
MERC-PNG-Viking	290	310	313	309	309	304	295	293	292	294	301	314	3,624	314	302	301
MERC-PNG-GLGT	423	432	435	441	434	446	447	438	442	439	444	450	5,271	450	439	438
MERC-NMU	2,341	2,373	2,337	2,314	2,279	2,270	2,292	2,247	2,235	2,243	2,264	2,281	27,476	2,281	2,290	2,290
Total Small C&I	9,306	9,347	9,304	9,288	9,259	9,188	9,259	9,119	9,038	9,059	9,123	9,251	110,541	9,251	9,212	9,208

Actual Sales

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Dec to be used for 2012	Jan - Dec to be used for 2013 & 2014	Jan - Nov to be used for 2015
General Service - Residential																
MERC-PNG-NNG	24,012,462	19,712,672	16,657,285	10,108,087	5,667,540	2,786,970	2,292,116	2,408,336	4,366,087	9,129,545	13,978,931	20,321,130	131,441,161	20,321,130	131,441,161	111,120,031
MERC-PNG-Viking	541,666	454,910	397,960	235,185	131,378	62,691	42,867	40,170	79,637	194,578	377,620	499,729	3,058,391	499,729	3,058,391	2,558,662
MERC-PNG-GLGT	782,311	644,265	561,212	337,529	177,600	70,394	46,744	46,286	94,544	297,233	514,133	734,214	4,306,465	734,214	4,306,465	3,572,251
MERC-NMU	5,702,504	4,875,140	3,867,955	2,213,127	1,184,191	387,262	150,943	184,526	575,131	1,889,590	3,336,127	5,037,900	29,404,396	5,037,900	29,404,396	24,366,496
Total Residential	31,038,943	25,686,987	21,484,412	12,893,928	7,160,709	3,307,317	2,532,670	2,679,318	5,115,399	11,510,946	18,206,811	26,592,973	168,210,413	26,592,973	168,210,413	141,617,440
General Service - Small Commercial and Industrial																
MERC-PNG-NNG	1,221,987	1,076,193	855,315	458,993	221,828	85,391	80,453	76,361	123,664	271,458	584,128	850,611	5,906,382	850,611	5,906,382	5,055,771
MERC-PNG-Viking	44,894	39,288	31,972	16,519	8,396	4,474	3,906	4,130	7,868	16,751	24,298	39,057	241,553	39,057	241,553	202,496
MERC-PNG-GLGT	88,730	73,150	59,265	35,974	16,577	8,309	7,072	5,994	14,966	31,335	54,570	74,462	470,404	74,462	470,404	395,942
MERC-NMU	525,362	211,042	338,774	191,453	93,835	26,450	12,715	17,305	59,278	138,373	256,207	409,659	2,280,453	409,659	2,280,453	1,870,794
Total Small C&I	1,880,973	1,399,673	1,285,326	702,939	340,636	124,624	104,146	103,790	205,776	457,917	919,203	1,373,789	8,898,792	1,373,789	8,898,792	7,525,003

Actual Customers

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Dec to be used for 2012	Average Customers Jan - Dec to be used for 2013 & 2014	Jan - Nov to be used for 2015
General Service - Residential																
MERC-PNG-NNG	145,535	145,707	145,801	145,847	145,983	145,101	144,773	144,677	144,468	144,799	145,163	146,118	1,743,972	146,118	145,331	145,259
MERC-PNG-Viking	3,988	3,917	3,942	3,952	3,943	3,891	3,834	3,826	3,867	3,847	3,899	4,057	46,963	4,057	3,914	3,901
MERC-PNG-GLGT	5,335	5,011	5,018	5,138	5,199	5,062	5,216	5,124	5,127	5,119	5,142	5,302	61,793	5,302	5,149	5,136
MERC-NMU	36,074	35,890	35,724	35,756	35,452	35,208	35,031	35,137	34,988	35,247	35,471	35,796	425,774	35,796	35,481	35,453
Total Residential	190,932	190,525	190,485	190,693	190,577	189,262	188,854	188,764	188,450	189,012	189,675	191,273	2,278,502	191,273	189,875	189,749
General Service - Small Commercial and Industrial																
MERC-PNG-NNG	6,252	6,232	6,219	6,224	6,237	6,168	6,225	6,141	6,069	6,083	6,114	6,206	74,170	6,206	6,181	6,179
MERC-PNG-Viking	290	310	313	309	309	304	295	293	292	294	301	314	3,624	314	302	301
MERC-PNG-GLGT	423	432	435	441	434	446	447	438	442	439	444	450	5,271	450	439	438
MERC-NMU	2,341	2,373	2,337	2,314	2,279	2,270	2,292	2,247	2,235	2,243	2,264	2,281	27,476	2,281	2,290	2,290
Total Small C&I	9,306	9,347	9,304	9,288	9,259	9,188	9,259	9,119	9,038	9,059	9,123	9,251	110,541	9,251	9,212	9,208

Minnesota Energy Resources Corporation
 RDM Baseline Commission Order
 2013 and 2014

Ln	Rate Class	Baseline					Actuals					RDM Recoveries (Refunds)	Forecasted 12-Month Therms	RDM Charge (Refund) Therm
		Test Year Sales Therms	Distribution Charges	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	Actual Sales Therms	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer				
		[A]	[B]	[C] [A] x [B]	[D]	[E] [C] / [D]	[F]	[G] [F] x [B]	[H]	[I] [G]/[H]				
1	General Service - Residential													
2	MERC-PNG-NNG	131,441,161	\$ 0.18241	\$ 23,976,182.18	145,331		131,441,161	\$ 23,976,182.18	145,331					
3	MERC-PNG-Viking	3,058,391	\$ 0.18241	\$ 557,881.10	3,914		3,058,391	\$ 557,881.10	3,914					
4	MERC-PNG-GLGT	4,306,465	\$ 0.18241	\$ 785,542.28	5,149		4,306,465	\$ 785,542.28	5,149					
5	MERC-NMU	29,404,396	\$ 0.18241	\$ 5,363,655.87	35,481		29,404,396	\$ 5,363,655.87	35,481					
6	Total Residential	<u>168,210,413</u>		<u>\$ 30,683,261.43</u>	<u>189,875</u>	<u>\$ 161.60</u>	<u>168,210,413</u>	<u>\$ 30,683,261.43</u>	<u>189,875</u>	<u>\$ 161.60</u>	<u>\$ -</u>	168,210,413	\$ -	
7	General Service - Small Commercial and Industrial													
8	MERC-PNG-NNG	5,906,382	\$ 0.17014	\$ 1,004,911.83	6,181		5,906,382	\$ 1,004,911.83	6,181					
9	MERC-PNG-Viking	241,553	\$ 0.17014	\$ 41,097.83	302		241,553	\$ 41,097.83	302					
10	MERC-PNG-GLGT	470,404	\$ 0.17014	\$ 80,034.54	439		470,404	\$ 80,034.54	439					
11	MERC-NMU	2,280,453	\$ 0.17014	\$ 387,996.27	2,290		2,280,453	\$ 387,996.27	2,290					
12	Total Small C&I	<u>8,898,792</u>		<u>\$ 1,514,040.47</u>	<u>9,212</u>	<u>\$ 164.36</u>	<u>8,898,792</u>	<u>\$ 1,514,040.47</u>	<u>9,212</u>	<u>\$ 164.36</u>	<u>\$ -</u>	168,210,413	\$ -	

Minnesota Energy Resources Corporation
 RDM Baseline Commission Order
 January 2015 through November 2015

Ln	Rate Class	Baseline					Actuals					RDM Recoveries (Refunds) [J]	Forecasted 12-Month Therms [K]	RDM Charge (Refund) Therm [L]
		Test Year Sales Therms	Distribution Charges	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	Actual Sales Therms	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer				
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]				
				[A] x [B]	[C] / [D]		[F] x [B]	[G] / [H]	[I] / [H]	[(E)-[I]) x [D]	[J] / [K]			
1	General Service - Residential													
2	MERC-PNG-NNG	111,120,031	\$ 0.18241	\$ 20,269,404.85	145,259		111,120,031	\$ 20,269,404.85	145,259					
3	MERC-PNG-Viking	2,558,662	\$ 0.18241	\$ 466,725.54	3,901		2,558,662	\$ 466,725.54	3,901					
4	MERC-PNG-GLGT	3,572,251	\$ 0.18241	\$ 651,614.30	5,136		3,572,251	\$ 651,614.30	5,136					
5	MERC-NMU	24,366,496	\$ 0.18241	\$ 4,444,692.54	35,453		24,366,496	\$ 4,444,692.54	35,453					
6	Total Residential	<u>141,617,440</u>		<u>\$ 25,832,437.23</u>	<u>189,749</u>	<u>\$ 136.14</u>	<u>141,617,440</u>	<u>\$ 25,832,437.23</u>	<u>189,749</u>	<u>\$ 136.14</u>	<u>\$ -</u>	168,210,413	\$ -	
7	General Service - Small Commercial and Industrial													
8	MERC-PNG-NNG	5,055,771	\$ 0.17014	\$ 860,188.88	6,179		5,055,771	\$ 860,188.88	6,179					
9	MERC-PNG-Viking	202,496	\$ 0.17014	\$ 34,452.67	301		202,496	\$ 34,452.67	301					
10	MERC-PNG-GLGT	395,942	\$ 0.17014	\$ 67,365.57	438		395,942	\$ 67,365.57	438					
11	MERC-NMU	1,870,794	\$ 0.17014	\$ 318,296.89	2,290		1,870,794	\$ 318,296.89	2,290					
12	Total Small C&I	<u>7,525,003</u>		<u>\$ 1,280,304.01</u>	<u>9,208</u>	<u>\$ 139.04</u>	<u>7,525,003</u>	<u>\$ 1,280,304.01</u>	<u>9,208</u>	<u>\$ 139.04</u>	<u>\$ -</u>	8,898,792	\$ -	

Attachment I

		June				July Less	Average Dollar	Maximum Dollar
		Average Use	June Rates	July Rates	June	Impact	Impact	
		Per Customer	(2)	(3)		(4)	(5)	
		(1)						
NMU-NNG	GS-Residential	11	\$ 0.61124	\$ 0.64355	\$ 0.03231	\$ 0.18	\$ 0.36	
NMU-NNG	GS-SC&I	12	\$ 0.61124	\$ 0.64355	\$ 0.03231	\$ 0.19	\$ 0.37	
NMU-NNG	GS-LC&I	85	\$ 0.61124	\$ 0.64355	\$ 0.03231	\$ 1.38	\$ 2.75	
NMU-NNG	SVI	2,214	\$ 0.47283	\$ 0.47461	\$ 0.00178	\$ 1.97	\$ 3.94	
NMU-NNG	LVI-TP	15,583	\$ 0.47283	\$ 0.47461	\$ 0.00178	\$ 13.87	\$ 27.74	
NMU-Consolidated	GS-Residential	11	\$ 0.61124	\$ 0.57194	\$ (0.03930)	\$ (0.22)	\$ (0.43)	
NMU-Consolidated	GS-SC&I	12	\$ 0.61124	\$ 0.57194	\$ (0.03930)	\$ (0.23)	\$ (0.45)	
NMU-Consolidated	GS-LC&I	85	\$ 0.61124	\$ 0.57194	\$ (0.03930)	\$ (1.67)	\$ (3.35)	
NMU-Consolidated	SVI	2,214	\$ 0.47283	\$ 0.46555	\$ (0.00728)	\$ (8.06)	\$ (16.12)	
NMU-Consolidated	LVI-TP	15,583	\$ 0.47283	\$ 0.46555	\$ (0.00728)	\$ (56.72)	\$ (113.45)	
NNG	GS-1 Residential	19	\$ 0.64271	\$ 0.64355	\$ 0.00084	\$ 0.01	\$ 0.02	
NNG	GS-1 SC&I	14	\$ 0.64271	\$ 0.64355	\$ 0.00084	\$ 0.01	\$ 0.01	
NNG	GS-1 LC&I	174	\$ 0.64271	\$ 0.64355	\$ 0.00084	\$ 0.07	\$ 0.15	
NNG	SVI - 1	1,100	\$ 0.47378	\$ 0.47461	\$ 0.00083	\$ 0.46	\$ 0.91	
NNG	LVI - 1 TP	7,325	\$ 0.47378	\$ 0.47461	\$ 0.00083	\$ 3.04	\$ 6.08	
NNG	LVI - 1 ML	69	\$ 0.47378	\$ 0.47461	\$ 0.00083	\$ 0.03	\$ 0.06	
NNG	SVJ - 1	3,940	\$ 0.47378	\$ 0.47461	\$ 0.00083	\$ 1.63	\$ 3.27	
Viking	GS-4 Residential	16	\$ 0.56933	\$ 0.57194	\$ 0.00261	\$ 0.02	\$ 0.04	
Viking	GS-4 SC&I	15	\$ 0.56933	\$ 0.57194	\$ 0.00261	\$ 0.02	\$ 0.04	
Viking	GS-4 LC&I	139	\$ 0.56933	\$ 0.57194	\$ 0.00261	\$ 0.18	\$ 0.36	
Viking	SVI - 4	1,169	\$ 0.46368	\$ 0.46555	\$ 0.00187	\$ 1.09	\$ 2.19	
Viking	LVI - 4	26,331	\$ 0.46368	\$ 0.46555	\$ 0.00187	\$ 24.62	\$ 49.24	
Viking	SVJ - 4	584	\$ 0.46368	\$ 0.46555	\$ 0.00187	\$ 0.55	\$ 1.09	
Great Lakes	GS-5 Residential	14	\$ 0.53967	\$ 0.57194	\$ 0.03227	\$ 0.22	\$ 0.45	
Great Lakes	GS-5 SC&I	19	\$ 0.53967	\$ 0.57194	\$ 0.03227	\$ 0.30	\$ 0.60	
Great Lakes	GS-5 LC&I	154	\$ 0.53967	\$ 0.57194	\$ 0.03227	\$ 2.49	\$ 4.97	
Great Lakes	SVI - 5	403	\$ 0.46266	\$ 0.46555	\$ 0.00289	\$ 0.58	\$ 1.16	
Great Lakes	SVJ - 5	1,924	\$ 0.46266	\$ 0.46555	\$ 0.00289	\$ 2.78	\$ 5.56	

(1) June Average Use Per Customer is calculated off the sales forecast approved in Docket No. G007,011/GR-10-977

(2) June Rates represent the PGA rates in MERC's base cost of gas filing for the 4 separate PGA's included in the compliance filing.

(3) July Rates represent the PGA rates in MERC's base cost of gas filing for the 2 separate PGA's included in the compliance filing.

(4) The Average Dollar Impact is the average impact customers on each rate schedule would expect.

(5) The Maximum Dollar Impact occurs for customers that would have their entire June usage billed in July.

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Amber S. Lee hereby certifies that on the 21st day of September, 2012, on behalf of Minnesota Energy Resources Corporation (MERC) she electronically filed a true and correct copy of this Compliance Filing on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Amber S. Lee
Amber S. Lee

Subscribed and sworn to before me
this 21st day of September, 2012.

/s/ Paula Bjorkman
Notary Public, State of Minnesota

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Sundra	Bender	sundra.bender@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 Saint Paul, MN 55101-2147	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Manuel	Cervantes	Manuel.Cervantes@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Paper Service	Yes	OFF_SL_10-977_Official CC Service List
Seth	DeMerritt	ssdemerritt@integrysgroup.com	Integrys Business Support	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
Ronald	Giteck	ron.giteck@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
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Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List
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Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-977_Official CC Service List

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Karly Baraga	Werner	werner.karly@dorsey.com	Dorsey & Whitney, LLP	50 S Sixth St, Ste 1500 Minneapolis, MN 55402	Paper Service	Yes	OFF_SL_10-977_Official CC Service List