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September 15, 2022

**VIA ELECTRONIC FILING**

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101

Re: In Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers  
Docket No. G-999/CI-21-135

In Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions  
Docket No. G011/CI-21-611

**Initial Comments of Minnesota Energy Resources Corporation**

Dear Mr. Seuffert:

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits these Initial Comments in response to the Minnesota Public Utilities Commission's (the "Commission") August 23, 2022 Notice of Comment Period ("Notice").

The Notice requested that each of the natural gas utilities, including MERC, review their gas contracting, purchasing, hedging, storage, peak-shaving, interruptible, customer communications, and other relevant practices and, by September 15, 2022, file a plan, "on how it will improve or modify its practices to protect ratepayers from extraordinary natural gas price spikes in the future." In addition, the Notice requested each utility:

- 1) Identify the general timeframe in which it will implement the modifications, and, if the proposed change requires modification of tariff, proposed tariff language;
- 2) Identify any statutory or rule changes that could be implemented to protect ratepayers from future price spikes;
- 3) Indicate how any proposed tariff, rule, or statutory changes are consistent with the Natural Gas Innovation Act (Minn. Stat. 216B.2427 and 216B.2428);
- 4) Identify how integrated resource planning could facilitate ratepayer protection from price spikes; and
- 5) Provide an analysis of whether they considered filing a plan pursuant to Minn. Stat. 216B.167 (Performance-Based Gas Purchasing Plan) and why they are not using the statute if they have chosen not to proceed with such a plan.

Concurrently with these Comments, MERC, CenterPoint Energy, Xcel Energy and Great Plains Natural Gas Co (“collectively the “Gas Utilities”) are filing Joint Comments in response to the Notice, (1) outlining a proposed trigger for price-based curtailment of interruptible customers; (2) discussing potential statutory changes and the history of the Annual Automatic Adjustment (“AAA”) and Purchased Gas Adjustment (“PGA”) rules; and (3) providing information regarding the history of performance-based gas purchasing plans under Minn. Stat. § 216B.167.

- I. **Each impacted natural gas utility is required to review its gas contracting, purchasing, hedging, storage, peak-shaving, interruptible, customer communications, and other relevant practices and, file a plan in its respective docket on how it will improve or modify its practices to protect ratepayers from extraordinary natural gas price spikes in the future.**

The Company has reviewed its gas contracting, purchasing, hedging, storage, peak-shaving,<sup>1</sup> interruptible curtailments, customer communications, and other relevant practices and offers the following improvements and modifications to its practices to provide additional protection to customers from extraordinary natural gas spikes in the future.

A. Gas Contracting

First, with respect to gas contracting, MERC reviewed its contracts to determine whether modifications could be incorporated to provide additional protection in the event of market price spikes. MERC has executed North American Energy Standards Board (“NAESB”) Agreements with its suppliers. These agreements provide contract protection consistent with industry standards. MERC did not identify any modifications that could be reasonably or cost-beneficially incorporated into these agreements at this time, but will continue to evaluate whether any contract modifications could be incorporated in the future.

For all gas supply purchases that have a term of one month or greater, a request for proposal (“RFP”) letter and bid form are sent to all suppliers that have an executed NAESB Agreement. MERC continuously seeks opportunities to solicit additional suppliers in order to increase diversity of its natural gas supply for customers. The RFP letter describes the products, locations, price indices (e.g., first-of-month (“FOM”)<sup>2</sup>, Gas Daily Daily (“GDD”)<sup>3</sup>, etc.). MERC

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<sup>1</sup> MERC does not have peak shaving resources available but, as discussed below, has undertaken a further evaluation regarding the feasibility of incorporating peak shaving resources into the Company's distribution system.

<sup>2</sup> Index that is published by Platts' Inside FERC (“Inside FERC”) or Natural Gas Intelligence (“NGI”) publications. The FOM index represents the average of reported fixed-price deals over the last five business days of the month for delivery of gas the following month. The FOM index is typically published on the first business day of the month in which the index is representing the flow of gas. The index represents a “market average price.” There is a specific index for each trading hub with liquid transactions.

<sup>3</sup> Index that is published by S&P Global's Platts (“Platts”). Platts Gas Daily indices are based upon trade data reported to Platts by market participants and the Intercontinental Exchange for natural gas transactions. The indices are calculated using detailed transaction level data from these participants. Platts editors screen the data for outliers that may be further examined and potentially removed. A volume weighted average is then calculated from the remaining set of data. The daily price index represents the average of reported fixed-price deals for next day delivery and is typically distributed the night before the day gas is to flow (for weekends and holidays, there is one index set on the last business day prior to the group of non-business days to which the index is applicable).

requests suppliers submit bids by a specific date and time. All bids are analyzed based on reliability, need, price, term, location, and quantity before contracts are awarded.

For the 2022-2023 winter heating season, MERC issued RFPs to approximately 65 suppliers, seeking bids on approximately 40 products. As part of this process, MERC issued RFPs to obtain information as to availability and pricing for additional products that could provide greater protection for customers against the impacts of future price spikes. For example, MERC requested bids on call options priced at the FOM index rather than daily pricing. Such a product would provide the Company with flexibility to call on gas supplies when needed without having exposure to the volatility of the daily market. However, MERC did not receive any bids for this requested product.

MERC also requested bids for summer priced winter call option contracts in both its 2021-2022 and 2022-2023 RFPs. Such a product would provide additional price protection for a portion of MERC's call volumes by pricing those volumes based on summer index prices. No suppliers submitted bids in response to these requests.

#### B. Gas Purchasing

MERC purchases all of its term supply through the RFP process by purchasing baseload, call, and asset management agreement ("AMA")<sup>4</sup> products. MERC has increased its total baseload supply priced at FOM each winter including 2020-2021, 2021-2022, and 2022-2023. In particular, MERC has increased its baseload purchases priced at FOM index prices each year and decreased planned daily purchases to continue to reduce exposure to the daily market as indicated in the following tables:

Peak Day Breakout By Supply Type				NNG			
NNG	2020-21	2021-22	2022-23		2020-21	2021-22	2022-23
Daily %	26%	21%	17%	Daily	71,661	58,635	50,000
Monthly %	34%	39%	44%	Monthly	96,060	111,000	128,200
Storage %	40%	40%	39%	Storage	113,075	113,075	113,075
				<b>Total</b>	<b>280,796</b>	<b>282,710</b>	<b>291,275</b>
				Peak Day	280,796	282,710	291,275

  

Peak Day Breakout By Supply Type				Consolidated			
Consolidated	2020-21	2021-22	2022-23		2020-21	2021-22	2022-23
Daily %	32%	23%	17%	Daily	18,481	13,000	9,600
Monthly %	41%	53%	49%	Monthly	23,500	30,100	27,500
Storage %	26%	27%	36%	Storage	15,084	15,084	20,086
				<b>Total</b>	<b>57,065</b>	<b>58,184</b>	<b>57,186</b>
				Peak Day	57,065	56,403	56,963

<sup>4</sup> An agreement where a counterparty provides gas supply and manages transportation assets. The utility agrees to receive and pay for the gas delivered and release all applicable transportation assets to the Asset Manager.

### C. Storage

MERC utilizes storage to provide natural gas deliverability during periods of high demand and for operational flexibility in balancing the system. In addition to operational benefits, storage provides a physical price hedge for customers by reducing the amount of gas purchased in the winter and by purchasing in the summer for delivery at a later date.

MERC has pipeline storage contracts with ANR and Northern Natural Gas (“NNG”). The ANR storage is only deliverable to the Consolidated PGA system, while the NNG storage is only deliverable to customers served by MERC’s NNG PGA system.

On the Consolidated PGA system, MERC increased its ANR storage by 5,000 Dth/day, effective April 1, 2022.<sup>5</sup> MERC’s ANR storage contract is a ratcheted service and provides for a maximum storage quantity of 1,004,300 Dth and a maximum daily withdrawal of 20,086 Dth/day.<sup>6</sup>

On the NNG PGA system, NNG’s contracted storage capacity is currently fully subscribed. If additional storage becomes available, MERC will evaluate the viability and cost-effectiveness for customers within the gas supply portfolio.

MERC continues to look for other potential storage options that could be incorporated into the Company’s gas supply portfolio to serve customers at a reasonable cost on the NNG or Consolidated PGA.

### D. Hedging

Hedges are positions taken in the futures market that are opposite to the one in the physical market, with the objective of reducing or limiting risks associated with adverse price movements. MERC’s goal with respect to hedging is to have a balanced approach that provides price protection for a portion of the overall supply portfolio.

MERC’s hedging activities are subject to significant oversight, regular review, and Commission-requirements designed to enable the Company to utilize effective hedging tools to mitigate expected price volatility risk while recognizing that such instruments come at a premium. The Commission has authorized the Company to hedge “contingent upon MERC only using financial hedging instruments for risk hedging on behalf of ratepayers and not for speculation.” Approval of hedging is limited to specified hedging instruments, subject to a cap of 30 percent of MERC’s total projected heating season sales volumes, and subject to various review and reporting requirements.

MERC’s hedging strategy covers approximately 30 percent of normal expected winter volumes through financial instruments – approximately 10 percent futures and 20 percent options. Natural gas market prices are up considerably over recent historical prices, with significantly

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<sup>5</sup> See *Minnesota Energy Resources Corporation’s Petition for Approval of a Change in Demand Entitlement for its Consolidated System*, Docket No. G011/M-22-423 (Aug. 1, 2022).

<sup>6</sup> A ratchet is when the withdrawal rights are reduced from the maximum storage withdrawal capability based on either volume or date.

greater market volatility. The increases in overall gas market prices and volatility have pushed the strike price<sup>7</sup> of purchased call options up as well.

MERC has determined it will continue to utilize financial futures and financial call options, as part of its hedging portfolio. MERC also continues to review the availability of other products (for example, summer-priced winter delivery supply, incremental storage, etc.) that could be implemented to help hedge against winter price spikes. MERC routinely explores available financial and physical products to provide protection from price and deliverability risks, and will continue to evaluate whether products that may be offered in the future could provide additional protection for customers from future extraordinary price increases.

#### E. Peak Shaving

In 2021, MERC reviewed the feasibility of including peak shaving as part of its gas supply portfolio. The Company determined that it would not be feasible to incorporate peak shaving resources at most locations on the Company's distribution system due to limitations on customer demand and limitations for moving peak shaving supplies to other areas of the distribution system. While the Rochester area might have sufficient customer demand to support peak shaving, because MERC continues to have capacity reserve margins for pipeline capacity serving Rochester, the addition of peak shaving is not needed at this time. As a result, the Company concluded that it would not be feasible or beneficial to customers to incorporate peak shaving at this time.

MERC will continue to evaluate the economics and feasibility of adding peak shaving resources to its system in the future.

#### F. Interruptible Curtailments

As discussed in the Gas Utilities' Joint Comments, the Gas Utilities propose the following trigger to be implemented upon Commission approval during the upcoming heating season for the curtailment of interruptible system sales customers in response to prices when planning to purchase daily spot or swing supplies:

The prior gas day (or multiple days in the case of weekends and holidays) settled Gas Daily Daily index price at [any of the identified pricing hub(s) where the utility would purchase daily supplies]:

- a. is greater than or equal to \$50.00 per Dth; and
- b. is greater than or equal to five times the weighted average cost of gas forecast for the month at issue in the utility's filed PGA for that month.

MERC proposes to apply these triggers separately for each of its two PGAs – MERC-Consolidated and MERC-NNG. For MERC-NNG, the pricing hubs will be NNG-Demarc and NNG-Ventura. For MERC-Consolidated, the pricing hubs will be NNG-Ventura and Emerson-Viking GL.

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<sup>7</sup> If the NYMEX settles above that price, the options are exercised and the price is capped at the strike price.

MERC includes clean and redlined proposed tariff modifications as Attachment A to this filing to implement this proposed trigger for price-based curtailments. The Company proposes to implement these tariff modifications and to begin applying this proposed trigger for economic curtailment upon approval by the Commission. MERC will be notifying affected interruptible customers that this proposal has been made and, assuming the Commission approves this proposal at its agenda meeting in December, MERC would notify customers and implement the change shortly thereafter.

As described in Docket No. G011/CI-21-611, MERC's current Commission-approved tariffs do not provide for price-based curtailment or establish parameters for curtailments in response to the price of gas commodity. The tariff language included in Attachment A would allow the Company to begin curtailing interruptible system sales customers in response to pricing. MERC believes the proposed trigger provides a clear and objective measure by which the Company can implement price-based interruptions while ensuring customers are aware of the circumstances under which they will be subject to curtailment in response to gas prices.

As detailed in the Gas Utilities' Joint Comments, due to the structure and timing of daily gas purchases, it is not possible to plan for interruptible curtailments in response to the price of gas on the first day of a price increase (or, in the case of weekends, first three days). This reality is due to the fact that the daily index price is not published until the end of the day, by which time, the Company will have already committed itself to daily purchase volumes for the following gas day. Indeed, the structure of the daily market is such that there is significantly limited price discovery at the time index purchases must be completed. As a result, the Commission should be aware that the proposed modifications to implement curtailments in response to the gas commodity prices will not reduce gas purchases on the first day of increasing prices. Further, natural gas spot market prices might not remain elevated past the first day or days (in the case of weekends and holidays) after an increase in the market, in which case planning to take certain price-based decisions once the increased pricing is known (on the second day) may not result in significant avoided costs.

#### G. Customer Communications

MERC routinely engages with customers regarding steps they can take to manager their energy usage and bills. MERC provides customers with information regarding conservation programs, energy savings tips, and information to access available resources such as the Low Income Home Energy Assistance Program ("LIHEAP") and Gas Affordability Program ("GAP") through bill inserts, the Company's website, and on social media.

Beyond such communications, MERC has evaluated the feasibility of issuing conservation requests in response to price spikes, to ask customers to voluntarily reduce their natural gas use in order to mitigate the impacts of the daily price spike. On November 1, 2021, the Gas Utilities, including MERC, submitted a compliance filing detailing the reasons such conservation requests would not provide a reasonable mechanism to mitigate the impacts of price spikes. Notably, conservation requests are voluntary, making it difficult or impossible to forecast how such requests will impact daily supply needs across the Company's system over each 24-hour gas day. Customers may temporarily reduce their usage, for example, by turning down their thermostats for a short period, but may then resume normal usage over the course of the gas day, resulting in no or very limited impacts on the amount of gas supply needed to meet customer requirements. Notifying customers that natural gas commodity prices have spiked to

extraordinary levels could also risk customers taking unsafe actions, which ultimately would not be likely to mitigate price impacts in any event.

Additionally, as a result of the structure and timing of daily natural gas purchases, the Gas Utilities are unable to adjust their purchases throughout the day. Procuring inadequate supply based on anticipated customer compliance with voluntary conservation requests could result in not having enough natural gas supply to meet firm customer needs. As discussed above, the daily index price is not published until the end of the day ahead of gas flow, by which time, the Company will have already committed itself to daily purchase volumes for the following gas day. As a result, the Gas Utilities may not have knowledge of an extraordinary gas price spike until after they have already committed to purchase supplies, at which point they are unable to request a reduction to their contracted volumes.

Finally, MERC must reserve customer conservation requests as a tool to respond to emergency situations as the last resort to potentially prevent widespread system outages. If such appeals become frequent, or are issued other than in emergencies to address system reliability, they risk becoming routine and being disregarded by customers. As a result of these considerations, MERC does not propose to take any further steps with respect to calls for voluntary customer conservation at this time.

#### H. Other Relevant Practices

##### *i. Daily Forecasting*

In addition to firm and interruptible customers, MERC-NNG serves transportation customers who are responsible to arrange for their own natural gas supply and interstate pipeline delivery. MERC forecasts its overall load requirements for all customers and then removes an estimate of transportation customers' gas use based on the volumes the transportation customers nominated for delivery on the pipeline on the previous gas day to yield a system sales load forecast.

MERC has updated its available forecasting tools with the goal of being able to more easily identify changes to transportation customer gas deliveries. To achieve this objective, MERC has removed its largest electric generation transportation customer from the historic data used to forecast daily customer requirements. Isolating the large electric generation transportation customer from the remainder of transportation customer information will help highlight when transportation customer nominations change significantly, which may indicate transportation deviations from historical actuals. This will help to improve forecasting of the gas supply needs for sales customers.

##### *ii. Transportation Tariffs Modifications*

MERC is also evaluating potential changes to its transportation tariffs that could be implemented to ensure transportation customers deliver the volumes they intend to use. MERC, as a local distribution company, is responsible for daily balancing of the interconnections or town boarder stations between the Company's distribution system and the interstate pipeline. As a result, all daily imbalances caused by transportation customers are a portion of MERC's imbalance on the pipeline.

The MERC-NNG transportation tariff mimics much of NNG pipeline tariff, including penalties at three times the market rate during critical days. Therefore, on days where the market price is high, transportation customers have the incentive to deliver adequate supply to ensure they are not subject to punitive penalties. MERC's current transportation tariff has a monthly cashout procedure that financially settles the monthly net imbalance at the end of each month. However, MERC does not have tools to precisely control what occurs daily with respect to transportation customers.

Based on MERC's ongoing review of potential modifications that could be incorporated into the Company's transportation tariffs, MERC plans to propose potential tariff modifications in a future general rate case proceeding for Commission review.

### iii. *Market Reform*

MERC is committed to working with other stakeholders to identify opportunities for improvement, including advocating for possible market reforms, to the extent such reforms could provide protection against market price spikes in the future. MERC and the other Minnesota Gas Utilities are participants in the international natural gas market, which limits the influence MERC or the other Minnesota utilities have on advancing broad market reforms or changes to market operations. Such efforts will require broader coordination across the industry and regulators.

In November 2021, the Federal Energy Regulatory Commission ("FERC") and North American Electric Reliability Council ("NERC") issued a report examining the impact the February 2021 freeze had on the bulk electric system in Texas and other parts of the South Central U.S. The report includes 28 formal recommendations that seek to prevent a recurrence of the failures experienced during the February 2021 cold weather event. These recommendations include revisions to the NERC Reliability Standards surrounding generator winterization and gas-electric coordination. One of the recommendations was for FERC to establish a forum to identify concrete actions to improve the reliability of the natural gas infrastructure system, providing guidance on thirteen potential topics for evaluation:

1. Whether and how natural gas information could be aggregated on a regional basis for sharing with Bulk Electric System operators in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas, including whether creation of a voluntary natural gas coordinator would be feasible;
2. Whether Congress should consider placing additional or exclusive authority for natural gas pipeline reliability within a single federal agency, as it appears that no one agency has responsibility to ensure the systemic reliability of the interstate natural gas pipeline system;
3. Additional state actions (including possibly establishing an organization to set standards, as NERC does for Bulk Electric System entities) to enhance the reliability of intrastate natural gas pipelines and other intrastate natural gas facilities;
4. Programs to encourage and provide compensation opportunities for natural gas infrastructure facility winterization;
5. Which entity has authority, and under what circumstances, to take emergency actions to give critical electric generating units pipeline transportation priority second only to



residential heating load, during cold weather events in which natural gas supply and transportation is limited but demand is high;

6. Which entity has authority to require certain natural gas-fired generating units to obtain either firm supply and/or transportation or dual fuel capability, under what circumstances such requirements would be cost-effective, and how such requirements could be structured, including associated compensation mechanisms, whether additional infrastructure buildout would be needed, and the consumer cost impacts of such a buildout;
7. Expanding/revising natural gas demand response/interruptible customer programs to better coordinate the increasing frequency of coinciding electric and natural gas peak load demands and better inform natural gas consumers about real-time pricing;
8. Methods to streamline the process for, and eliminate barriers to, identifying, protecting, and prioritizing critical natural gas infrastructure load;
9. Whether resource accreditation requirements for certain natural gas-fired generating units should factor in the firmness of a generating unit's gas commodity and transportation arrangements and the potential for correlated outages for units served by the same pipeline(s);
10. Whether there are barriers to the use of dual-fuel capability that could be addressed by changes in state or federal rules or regulations. Dual-fuel capability can help mitigate the risk of loss of natural gas fuel supply, and issues to consider include facilitating testing to run on the alternate fuel, ensuring an adequate supply of the alternate fuel and obtaining the necessary air permits and air permit waivers. The forum could also consider the use of other resources which could mitigate the risk of loss of natural gas fuel supply;
11. Electric and natural gas industry interdependencies (communications, contracts, constraints, scheduling);
12. Increasing the amount or use of market-area and behind-the-city-gate natural gas storage; and
13. Whether or how to increase the number of "peak-shaver" natural gas-fired generating units that have on-site liquid natural gas storage. (Winter 2022-2023)

Coinciding with the November 16, 2021 Report, the Chairman of the North American Energy Standards Board ("NAESB"), submitted a proposal to the NAESB Gas-Electric Harmonization Committee requesting the development of draft joint standards for both the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Additionally, the NAESB Chairman indicated his belief that NAESB can play an important role in supporting the findings and recommendations included in the Report – specifically the recommendation that FERC consider establishing a forum to identify actions that will improve the reliability of natural gas infrastructure as necessary to support the bulk electric system and to address recurring challenges stemming from natural gas-electric infrastructure interdependency.

On July 25, 2022 FERC and NERC sent a letter to NAESB encouraging NAESB to convene a forum to identify actions to improve the reliability of the natural gas infrastructure system as necessary to support the bulk electric system and to address natural gas-electric coordination. The NAESB forum has been convened and the Company is participating.

**II. Identify any statutory or rule changes that could be implemented to protect ratepayers from future price spikes;**

The Commission requested that the Gas Utilities identify any statute or rule changes necessary to help protect customers from extraordinary natural gas price spikes. As detailed in the Gas Utilities' Joint Filing, the Gas Utilities plan to continue to advocate at the Legislature for adoption of a sales tax exemption for the February Market Event surcharge for residential heating customers in the next legislative session. Additionally, as described in the Gas Utilities' Joint Filing, the Gas Utilities reviewed applicable rules and statutes, including the history of the PGA rules, and conclude that no modifications are warranted at this time.

**III. Indicate how any proposed tariff, rule, or statutory changes are consistent with the Natural Gas Innovation Act (Minn. Stat. §§216B.2427 and 216B.2428);**

The proposed tariff and statutory changes, as discussed above and in the Gas Utilities' Joint Filing, are consistent with Minnesota's Natural Gas Innovation Act ("NGIA"). The NGIA encourages natural gas utilities to develop innovative resources such as biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture and utilization, strategic electrification, district energy, and energy efficiency.<sup>8</sup> Minnesota Laws 2021 1st Special Session, Chapter 4, Article 8, Section 27 also directed the Commission to initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to meet or exceed Minnesota's greenhouse gas emissions reduction goals. Neither the proposed interruptible tariff modifications nor pursuit of the sales tax exemption will impact potential future NGIA innovation plan filings.

**IV. Identify how integrated resource planning could facilitate ratepayer protection from price spikes**

The Commission's Notice also requested that the Gas Utilities identify how integrated resource planning could facilitate ratepayer protection from price spikes.

While the specific components of integrated resource plans ("IRPs") varies, an IRP is a plan describing the mix of supply and conservation designed to meet current and future needs. Although Minnesota has a long history with electric integrated resource planning, to date, no structure or rules have been developed or adopted for natural gas utility integrated resource planning. With respect to electric utility IRPs, Minn. Stat. §216B.2422 defines "resource plan" to mean a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

The development and implementation of a natural gas integrated resource plan framework would require significant time and resources and would not be likely to result in any new gas commodity alternatives that could be implemented to reduce price risk exposure or pricing volatility. Further, gas supply procurement decisions generally must be made on a very short

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<sup>8</sup> Minn. Stat. §216B.2427, subd. 1 (h).

timeframe, with contracts awarded within a matter of minutes to days of bids being received in order to lock in offered pricing and other terms. Market volatility and changes in market product offerings also makes long-term planning for natural gas commodity difficult.

To the extent the Commission wishes to further evaluate the parameters and potential benefits of natural gas integrated resource planning, further evaluation could occur in Docket No. G999/CI-21-565, as part of the Commission's evaluation of changes to natural gas utility regulatory and policy structures to meet state greenhouse gas reduction goals.

**V. Provide an analysis of whether they considered filing a plan pursuant to Minn. Stat. 216B.167 (Performance-Based Gas Purchasing Plan) and why they are not using the statute if they have chosen not to proceed with such a plan.**

The Gas Utilities' Joint Comments provide a discussion of the history of Minnesota's performance-based gas purchasing statute, Minn. Stat. § 216B.167. As described in that filing, MERC's predecessor utility, Peoples Natural Gas Company ("Peoples") did propose a performance-based gas purchasing plan under Minn. Stat. § 216B.167, but ultimately withdrew its petition when it was unable to develop a consensus proposal after working extensively with the Department. MERC has not pursued a performance-based gas purchasing plan since that time.

As described in the Gas Utilities' Joint Comments, commodity prices for gas supplies used in Minnesota are set in a nationwide, competitive marketplace and there are a number of factors that affect the market price of gas supplies, all of which are outside the control of the Gas Utilities. As a result of these circumstances, MERC has continued to utilize the PGA pass-through recovery provided for under the Commission's PGA rules. That mechanism provides greater flexibility for utilities to react to market conditions and opportunities in order to provide reliable service to our customers, while also ensuring the Company procures reasonably priced natural gas supplies in light of market conditions and customer needs.

DATED September 15, 2022

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Rich F. Stasik", with a stylized flourish at the end.

Richard F. Stasik  
Director—State Regulatory Affairs

**Attachment A**  
**Clean and Redlined Tariff Sheets**

*Clean Tariff Sheets*

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**RATE SCHEDULE NNG INTERRUPTIBLE SERVICE**

10th Revised Sheet No. 5.10

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1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Northern Natural Gas in MERC's Minnesota Service Area except for Farm Tap, Agricultural Grain Dryer and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Transfer of Service: 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. If a customer faces unforeseen circumstances that were not known ninety days prior to November 1, the customer may request a waiver of the notice requirement to allow the customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented the customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve the customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm for all Unauthorized Gas usage. Customer will also be responsible for all applicable rates and charges hereunder for Unauthorized Gas. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. The penalty for unauthorized gas use shall apply in such circumstances.

**RATE SCHEDULE NNG AGRICULTURAL GRAIN DRYER SERVICE**

5th Revised Sheet No. 5.13

1. **Availability:** Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. **Classes of Service, Usage, and Rates:** Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.12953	\$0.36673
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.36673
Agricultural Grain Dryer Class 3	500,001 or more	\$165.00	\$0.05860	\$0.36673

**Monthly Minimum Bill:** The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

**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.

3. **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.

**RATE SCHEDULE NNG ELECTRIC GENERATION SERVICE**

9th Revised Sheet No. 5.14

1. **Availability:** Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. **Classes of Service, Usage, and Rates:** Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.09953	\$0.36673
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03401 (CIP Applicable)  \$0.00448 (CIP Exempt)	\$0.36673

**Monthly Minimum Bill:** The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

**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.

3. **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.



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**RATE SCHEDULE NNG FIRM/INTERRUPTIBLE SERVICE**

10th Revised Sheet No. 5.15

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1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. Interruptible volumes under this rate schedule are subject to interruption upon order of MERC as provided in Section 8.01 and Section 8.40a. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. If a partial day curtailment is called, the customer's Daily Firm Nomination will be prorated by, and applied to, the number of hours remaining in the gas day when the curtailment goes into effect. A partial day curtailment means a curtailment that is effective any time other than 9:00am (Central Clock time). A Firm/Interruptible 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. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. 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.
3. Telemetry: 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.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of Conservation Improvement Program (CIP) costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. 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 CIP costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

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**RATE SCHEDULE CONSOLIDATED INTERRUPTIBLE SALES SERVICE**

5th Revised Sheet No. 5.17

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1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra Pipeline in MERC's Minnesota Service Area except for Farm Tap, Agricultural Grain Dryer, and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Transfer of Service: 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. If a customer faces unforeseen circumstances that were not known ninety days prior to November 1, the customer may request a waiver of the notice requirement to allow the customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented the customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve the customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm for all Unauthorized Gas usage. Customer will also be responsible for all applicable rates and charges hereunder for Unauthorized Gas. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. The penalty for unauthorized gas use shall apply in such circumstances.

**RATE SCHEDULE CONSOLIDATED AGRICULTURAL  
GRAIN DRYER SERVICE**

3rd Revised Sheet No. 5.19a

1. **Availability:** Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. **Classes of Service, Usage, and Rates:** Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.12953	\$0.28746
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.28746
Agricultural Grain Dryer Class 3	500,001 or more	\$165.00	\$0.05860	\$0.28746

**Monthly Minimum Bill:** The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

**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.

3. **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.

**RATE SCHEDULE CONSOLIDATED ELECTRIC GENERATION SERVICE** 9th Revised Sheet No. 5.20

1. Availability: Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.09953	\$0.28746
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03401 (CIP Applicable) \$0.00448 (CIP Exempt)	\$0.28746

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

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.

3. 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.

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**RATE SCHEDULE CONSOLIDATED FIRM/INTERRUPTIBLE SERVICE**

11th Revised Sheet No. 5.21

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1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. Interruptible volumes under this rate schedule are subject to interruption upon order of MERC as provided in Section 8.01 and Section 8.40a. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. If a partial day curtailment is called, the customer's Daily Firm Nomination will be prorated by, and applied to, the number of hours remaining in the gas day when the curtailment goes into effect. A partial day curtailment means a curtailment that is effective any time other than 9:00am (Central Clock time). A Firm/Interruptible 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. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. 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.
3. Telemetry: 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.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of Conservation Improvement Program (CIP) costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. 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 CIP costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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4th Revised Sheet 8.01

1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

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. Farm Tap: Customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided in consideration for an easement granted directly to Northern Natural Gas or its predecessors. Farm Tap Customers may be Residential, Commercial & Industrial Firm Class 1, Commercial & Industrial Firm Class 2, Commercial & Industrial Firm Class 3, Commercial & Industrial Firm Class 4, or Commercial & Industrial Firm Class 5.
5. Firm/Interruptible Service: Customers taking natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.
6. Agricultural Grain Dryer: Customers using more than 50% of their annual volumes for grain dryer operations, with the exception of Farm Tap Customers.
7. 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 provisions herein, including the terms of Tariff Sheet No. 8.40a. All interruptible customers must either (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment or (2) have the ability to fully and completely suspend the use of interruptible gas on one hour's notice when requested to do so by the Company.

In addition, for Interruptible system sales customers that take interruptible service under Section 5 of the tariffs, customers will be subject to curtailment when the prior gas day (or multiple days in the case of weekends and holidays) settled Gas Daily daily index price at Northern-Demarc or Northern-Ventura (for MERC-NNG customers) or at Northern-Ventura or Emerson-Viking GL (for MERC-Consolidated customers):

- a. is greater than or equal to \$50.00 per Dth; and
  - b. is greater than or equal to five times the weighted average cost of gas forecast for the month at issue in the Company's filed PGA for that month.
8. Electric Generation Customer: A customer using more than 50% of annual volumes for electric generation.



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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**    2nd Revised Sheet No. 8.40a

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19.    CONTINUOUS SERVICE POLICY

A.    Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to firm service customers. Interruptible customers are subject to curtailment when operational and supply conditions require service interruptions. In addition, for Interruptible system sales customers that take interruptible service under Section 5 of the tariffs, customers will be subject to curtailment when the prior gas day (or multiple days in the case of weekends and holidays) settled Gas Daily daily index price at Northern-Demarc or Northern-Ventura (for MERC-NNG customers) or at Northern-Ventura or Emerson-Viking GL (for MERC-Consolidated customers):

- c.    is greater than or equal to \$50.00 per Dth; and
- d.    is greater than or equal to five times the weighted average cost of gas forecast for the month at issue in the Company's filed PGA for that month.

The following priorities will apply:

- 1.    Residential Sales/Farm Tap Residential
- 2.    Commercial & Industrial Firm Class 1 / Farm Tap Firm Class 1
- 3.    Commercial & Industrial Firm Class 2/ Farm Tap Firm Class 2
- 4.    Commercial & Industrial Firm Class 3/ Farm Tap Firm Class 3
- 5.    Commercial & Industrial Firm Class 4/ Farm Tap Firm Class 4
- 6.    Commercial & Industrial Firm Class 5/ Farm Tap Firm Class 5
- 7.    Direct Connect Transportation Service
- 8.    Transport for Resale Customers' Firm Nominations
- 9.    Firm/Interruptible Service Customers' Firm Nominations
- 10.   Commercial and Industrial Interruptible Class 1
- 11.   Commercial and Industrial Interruptible Class 2
- 12.   Transport for Resale Interruptible Volumes
- 13.   Commercial & Industrial Interruptible Class 3
- 14.   Commercial & Industrial Interruptible Class 4
- 15.   Commercial & Industrial Interruptible Class 5
- 16.   Power Generating Unit Class 1
- 17.   Power Generating Unit Class 2
- 18.   Agricultural Grain Dryer Class 1
- 19.   Agricultural Grain Dryer Class 2
- 20.   Agricultural Grain Dryer Class 3

*Redlined Tariff Sheets*



**RATE SCHEDULE NNG INTERRUPTIBLE SERVICE**

109th Revised Sheet No. 5.10

1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Northern Natural Gas in MERC's Minnesota Service Area except for Farm Tap, Agricultural Grain Dryer and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Transfer of Service: 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. If a customer faces unforeseen circumstances that were not known ninety days prior to November 1, the customer may request a waiver of the notice requirement to allow the customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented the customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve the customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm for all Unauthorized Gas usage. Customer will also be responsible for all applicable rates and charges hereunder for Unauthorized Gas. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. The penalty for unauthorized gas use shall apply in such circumstances.

**RATE SCHEDULE NNG AGRICULTURAL GRAIN DRYER SERVICE**

**54th Revised Sheet No. 5.13**

1. Availability: Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.12953	\$0.36673
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.36673
Agricultural Grain Dryer Class 3	500,001 or more	\$165.00	\$0.05860	\$0.36673

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

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.

3. 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.

**RATE SCHEDULE NNG ELECTRIC GENERATION SERVICE**

98th Revised Sheet No. 5.14

1. Availability: Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.09953	\$0.36673
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03401 (CIP Applicable)  \$0.00448 (CIP Exempt)	\$0.36673

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

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.

3. 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.

**RATE SCHEDULE NNG FIRM/INTERRUPTIBLE SERVICE**

109th Revised Sheet No. 5.15

1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. Interruptible volumes under this rate schedule are subject to interruption upon order of MERC as provided in Section 8.01 and Section 8.40a. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. If a partial day curtailment is called, the customer's Daily Firm Nomination will be prorated by, and applied to, the number of hours remaining in the gas day when the curtailment goes into effect. A partial day curtailment means a curtailment that is effective any time other than 9:00am (Central Clock time). A Firm/Interruptible 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. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. 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.
3. Telemetry: 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.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of Conservation Improvement Program (CIP) costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. 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 CIP costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

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**RATE SCHEDULE CONSOLIDATED INTERRUPTIBLE SALES SERVICE** ~~5th4rd~~ Revised Sheet No. 5.17

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1. Availability: Service under this rate schedule is available to Commercial and Industrial Customers supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra Pipeline in MERC's Minnesota Service Area except for Farm Tap, Agricultural Grain Dryer, and Electric Generation Customers. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Transfer of Service: 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. If a customer faces unforeseen circumstances that were not known ninety days prior to November 1, the customer may request a waiver of the notice requirement to allow the customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented the customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve the customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.
3. Penalty For Unauthorized Takes When Service Is Interrupted: If a customer fails to discontinue use of gas within one hour of such request, the customer will be deemed to have taken Unauthorized Gas. Company shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after such request. The penalty for unauthorized use of gas will be the prevailing delivery charge plus the highest incremental supply cost for the day plus \$5 per therm for all Unauthorized Gas usage. Customer will also be responsible for all applicable rates and charges hereunder for Unauthorized Gas. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. The penalty for unauthorized gas use shall apply in such circumstances.

**RATE SCHEDULE CONSOLIDATED AGRICULTURAL  
GRAIN DRYER SERVICE**

~~2nd-3rd~~ Revised Sheet No. 5.19a

1. Availability: Service under this rate schedule is required for any customer using more than 50% of their annual volumes for grain dryer operations, with the exception of farm tap customers. If an Agriculture Grain Dryer Customer is also a Farm Tap Customer as defined under these tariffs, the farm tap tariff applies. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Agricultural Grain Dryer Class 1	0 – 20,000	\$45.00	\$0.12953	\$0.28746
Agricultural Grain Dryer Class 2	20,001 – 500,000	\$45.00	\$0.08150	\$0.28746
Agricultural Grain Dryer Class 3	500,001 or more	\$165.00	\$0.05860	\$0.28746

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

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.

3. 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.



**RATE SCHEDULE CONSOLIDATED ELECTRIC GENERATION SERVICE** 98th Revised Sheet No. 5.20

1. Availability: Service under this rate schedule is required for any customer using more than 50% of annual volumes for electric generation. Gas used for plant startup only, while no electricity is being generated, does not qualify the customer for service under any of the Electric Generation classes. Customers under this rate schedule are subject to interruption at any time upon order of MERC as provided in Section 8.01 and Section 8.40a. Customer must: (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment; or (2) agree to curtail the use of interruptible gas on one hour's notice when requested by Company. Regardless of whether Customer has standby facilities, Customer must fully suspend natural gas usage within one hour of being requested to do so by the Company. Customer is solely responsible to install, maintain, and test any standby systems. The Company bears no responsibility for the operation of Customer's standby facilities. Failure of Customer's standby facilities, failure to obtain adequate alternative fuel supplies, failure to provide the Company with correct or updated contact information, or a failure to appropriately verify or correct for errors in contact information on file with the Company shall not be considered justification for disregard of curtailment orders. Company may shut off gas to any customer who fails to comply with a curtailment order.
2. Classes of Service, Usage, and Rates: Customers will be eligible for one of the following classes at the following rates. These rates are base rates subject to change in accordance with the provisions Purchase Gas Adjustment Uniform Clause.

Customer Class	Therm Usage Range	Monthly Customer Charge	Distribution Charge Per Therm	Base Cost of Gas per therm
Electric Generation – Class 1	0 – 500,000	\$45.00	\$0.09953	\$0.28746
Electric Generation – Class 2	500,001 or more	\$360.00	\$0.03401 (CIP Applicable) \$0.00448 (CIP Exempt)	\$0.28746

Monthly Minimum Bill: The minimum bill is the customer charge and the applicable commodity charge for all volumes taken.

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.

3. 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.

**RATE SCHEDULE CONSOLIDATED FIRM/INTERRUPTIBLE SERVICE**

1~~10~~<sup>9</sup>th Revised Sheet No. 5.21

1. Availability: Firm/Interruptible Sales Service is available to Commercial and Industrial Customers contingent on adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes daily, supplemented by interruptible volumes. Interruptible volumes under this rate schedule are subject to interruption upon order of MERC as provided in Section 8.01 and Section 8.40a. A customer may transfer to Firm/Interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. Customers must maintain Firm/Interruptible service and must nominate a quantity of Daily Firm Nominations for the entire November through October period. Daily Firm Nominations will be the first through the meter each day, supplemented by interruptible volumes. If a partial day curtailment is called, the customer's Daily Firm Nomination will be prorated by, and applied to, the number of hours remaining in the gas day when the curtailment goes into effect. A partial day curtailment means a curtailment that is effective any time other than 9:00am (Central Clock time). A Firm/Interruptible 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. If a customer wishes to obtain or maintain Firm/Interruptible gas service, the customer or the customer's Marketer must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its Marketer provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these Firm/Interruptible customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.
2. 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.
3. Telemetry: 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.
4. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
5. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of Conservation Improvement Program (CIP) costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.
6. 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 CIP costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.



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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS**

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~~4th~~<sup>3rd</sup> Revised Sheet 8.01

1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

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. Farm Tap: Customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided in consideration for an easement granted directly to Northern Natural Gas or its predecessors. Farm Tap Customers may be Residential, Commercial & Industrial Firm Class 1, Commercial & Industrial Firm Class 2, Commercial & Industrial Firm Class 3, Commercial & Industrial Firm Class 4, or Commercial & Industrial Firm Class 5.
5. Firm/Interruptible Service: Customers taking natural gas service consisting of a base of firm gas volumes supplemented by interruptible gas volumes.
6. Agricultural Grain Dryer: Customers using more than 50% of their annual volumes for grain dryer operations, with the exception of Farm Tap Customers.
7. 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 provisions herein, including the terms of Tariff Sheet No. 8.40a. All interruptible customers must either (1) have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment or (2) have the ability to fully and completely suspend the use of interruptible gas on one hour's notice when requested to do so by the Company.

In addition, for Interruptible system sales customers that take interruptible service under Section 5 of the tariffs, customers will be subject to curtailment when the prior gas day (or multiple days in the case of weekends and holidays) settled Gas Daily daily index price at Northern-Demarc or Northern-Ventura (for MERC-NNG customers) or at Northern-Ventura or Emerson-Viking GL (for MERC-Consolidated customers):

- a. is greater than or equal to \$50.00 per Dth; and
- b. is greater than or equal to five times the weighted average cost of gas forecast for the month at issue in the Company's filed PGA for that month.

~~7-8.~~ Electric Generation Customer: A customer using more than 50% of annual volumes for electric generation.

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**GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS** ~~2nd~~<sup>4th</sup> Revised Sheet No. 8.40a

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19. CONTINUOUS SERVICE POLICY

A. Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to firm service customers. Interruptible customers are subject to curtailment. ~~The following priorities will be followed~~ when operational and supply conditions require service interruptions. In addition, for Interruptible system sales customers that take interruptible service under Section 5 of the tariffs, customers will be subject to curtailment when the prior gas day (or multiple days in the case of weekends and holidays) settled Gas Daily daily index price at Northern-Demarc or Northern-Ventura (for MERC-NNG customers) or at Northern-Ventura or Emerson-Viking GL (for MERC-Consolidated customers):

c. is greater than or equal to \$50.00 per Dth; and

d. is greater than or equal to five times the weighted average cost of gas forecast for the month at issue in the Company's filed PGA for that month.

~~with highest priorities listed first~~ The following priorities will apply:

1. Residential Sales/Farm Tap Residential
2. Commercial & Industrial Firm Class 1 / Farm Tap Firm Class 1
3. Commercial & Industrial Firm Class 2/ Farm Tap Firm Class 2
4. Commercial & Industrial Firm Class 3/ Farm Tap Firm Class 3
5. Commercial & Industrial Firm Class 4/ Farm Tap Firm Class 4
6. Commercial & Industrial Firm Class 5/ Farm Tap Firm Class 5
7. Direct Connect Transportation Service
8. Transport for Resale Customers' Firm Nominations
9. Firm/Interruptible Service Customers' Firm Nominations
10. Commercial and Industrial Interruptible Class 1
11. Commercial and Industrial Interruptible Class 2
12. Transport for Resale Interruptible Volumes
13. Commercial & Industrial Interruptible Class 3
14. Commercial & Industrial Interruptible Class 4
15. Commercial & Industrial Interruptible Class 5
16. Power Generating Unit Class 1
17. Power Generating Unit Class 2
18. Agricultural Grain Dryer Class 1
19. Agricultural Grain Dryer Class 2
20. Agricultural Grain Dryer Class 3

In the Matter of the Petition of Minnesota Energy  
Resources Corporation for Approval of a Recovery  
Process for Cost Impacts Due to February Extreme Gas  
Market Conditions

Docket No. G011/CI-21-611

In Matter of a Commission Investigation into the Impact  
of Severe Weather in February 2021 on Impacted  
Minnesota Natural Gas Utilities and Customers

Docket No. G999/CI-21-135

**CERTIFICATE OF SERVICE**

I, Kristin M. Stastny, hereby certify that on the 15th day of September, 2022, on behalf of Minnesota Energy Resources Corporation, I electronically filed true and correct copies of the enclosed Initial Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 15th day of September, 2022.

/s/ Kristin M. Stastny

Kristin M. Stastny

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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	No	OFF_SL_21-135_Official Service List
Kyle R.	Kroll	kkroll@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
Annie	Levenson Falk	annief@cupminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota Street, Suite W1360  St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-135_Official Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-135_Official Service List
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-135_Official Service List
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_21-135_Official Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_21-135_Official Service List
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351  Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_21-135_Official Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Lisa	Peterson	lisa.r.peterson@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_21-135_Official Service List
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-135_Official Service List
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
Peter	Scholtz	peter.scholtz@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota Street St. Paul, MN 55101-2131	Electronic Service	No	OFF_SL_21-135_Official Service List
Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_21-135_Official Service List
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-135_Official Service List
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	Yes	OFF_SL_21-135_Official Service List
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
Richard	Stasik	richard.stasik@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St - P321 Milwaukee, WI 53203	Electronic Service	No	OFF_SL_21-135_Official Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
James M	Strommen	jstrommen@kennedy- graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-135_Official Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_21-135_Official Service List

[illegible]



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-611_Official Service List
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_21-611_Official Service List
Matthew B	Harris	matt.b.harris@xcelenergy.com	XCEL ENERGY	401 Nicollet Mall FL 8  Minneapolis, MN 55401	Electronic Service	Yes	OFF_SL_21-611_Official Service List
Kim	Havey	kim.havey@minneapolismn.gov	City of Minneapolis	350 South 5th Street, Suite 315M Minneapolis, MN 55415	Electronic Service	No	OFF_SL_21-611_Official Service List
Valerie	Herring	vherring@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S. Eighth Street Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-611_Official Service List
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St  Bismarck, ND 58501	Electronic Service	No	OFF_SL_21-611_Official Service List
Kyle R.	Kroll	kkroll@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-611_Official Service List
Annie	Levenson Falk	annief@cupminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota Street, Suite W1360  St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-611_Official Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-611_Official Service List
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-611_Official Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_21-611_Official Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_21-611_Official Service List
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-611_Official Service List
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351  Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_21-611_Official Service List
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