**Minnesota Energy Resources Corporation**
2665 145th Street West
Box 455
Rosemount, MN 55068-0455

January 21, 2015

Mr. Dan Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

Re: 30-Day Compliance Filing

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota; Docket No. G-011/GR-13-617

Dear Mr. Wolf:

On October 28, 2014, the Minnesota Public Utilities Commission (the "Commission") issued its Findings of Fact, Conclusions of Law, and Order ("Order") in the above referenced Docket. The Order required that Minnesota Energy Resources Corporation ("MERC" or the "Company") submit a compliance filing with 30 days showing the final rate effects of the decisions made therein and proposing a plan for refunding the difference between the amounts it collected in interim rates and the amounts authorized in final rates. On November 17, 2014, the Minnesota Office of the Attorney General ("OAG") and MERC filed petitions for reconsideration of the Commission's Order. On December 22, 2014, the Commission issued an Order Denying Reconsideration, denying both petitions for reconsideration. MERC submits this compliance filing in accordance with the Commission's Order.

Order Point 46 requires that MERC's 30-day compliance filing include the following:

a. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decision in the Order, along with the proposed effective date, and including the information listed below. This information is included in Schedule A, attached here. MERC also includes on the last page of Schedule A, a rate design apportionment spreadsheet for the Minnesota Department of Commerce's ("Department") and the Commission's convenience.

    1. Breakdown of Total Operating Revenues by type;

    2. Schedules showing all billing determinants for the retail sales (and sale for resale) of natural gas. These schedules shall include but not be limited to:

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a) Total revenue by customer class;

b) Total number of customers, the customer charge, and total customer-charge revenue by customer class; and

c) For each customer class, the total number of commodity- and demand-related billing units, the per-unit commodity and demand cost of gas, the non-gas margin, and the total commodity- and demand- related sales revenues.

b. Revised tariff sheets incorporating authorized rate-design decisions. These tariff sheets are included as Schedule B, attached here. MERC notes that the franchise fee listings for New Richland, Ortonville, and Silver Bay were unintentionally omitted from the proposed tariffs submitted with MERC's initial filing in this docket. The attached revised tariffs include these franchise fee listings at sheets 8.21b-8.21c, which were all previously submitted in informational filings to the Commission in accordance with the Commission's March 23, 2011, ORDER ESTABLISHING FRANCHISE FEE FILING REQUIREMENTS ("March 23 Order") in Docket No. E,G999/CI-09-970.[1] Additionally, MERC inadvertently omitted the updated Gas Affordability Surcharge update from its initial tariff filings. The corrected GAP surcharge is included in tariff sheet 7.12.

In accordance with Order Point 5 the attached tariffs at sheets 5.10, 5.14, 5.20, 5.24, 5.50, and 6.02 incorporate the reconciliation service conditions and requirements reflected in the Administrative Law Judge's ("ALJ") Report, paragraph 545. As reflected in paragraph 545 of the ALJ's Report, MERC agreed that if a customer or customer's broker provided it with details as to the amount of purchased firm capacity on the interstate pipeline by August 1 in a given year, MERC would complete an evaluation of the capacity differences between its own distribution system and the amount of purchased firm capacity on the interstate pipeline prior to the start of the heating season. This process is intended to address concerns regarding unnecessary curtailment of firm-supply customers during emergencies.

c. Proposed customer notices explaining the final rates, the monthly basic service charges, and any and all changes to rate design and customer billing. These notices are included in Schedule C, attached here. MERC is in the process of incorporating feedback from PUC

[1] Informational Filing, City of New Richland Franchise Fee, Docket No. G007,011/M-12-1202 (November 5, 2012); Informational Filing, City of Ortonville Franchise Fee, Docket No. G007,011/M-12-68 (January 19, 2012); Informational Filing, City of Silver Bay Franchise Fee, Docket No. E,G999/PR-13-7 (November 5, 2013).

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staff and will submit revised notices once those additional changes are incorporated. MERC will make clear in the revised notices that rates will be implemented April 1, 2015.

d. A revised base cost of gas, supporting schedules, and revised fuel-adjustment tariffs to be in effect on the date final rates are implemented. This information was provided to the Commission on October 1, 2014 in response to the Commission's motion during deliberations to "require MERC to provide a filing in 7 days in this docket that updates the base cost of gas reflecting the NYMEX pricing estimate for January –December 2015." MERC includes this filing again as Schedule D, attached here.

e. A summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented. This information is included in Schedule E, attached here.

f. A schedule, together with all supporting calculations, detailing the CIP tracker balance, month by month, from the beginning of interim rates; the revenues (the CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates; and the CIP tracker balance at the time final rates become effective. This information is included in Schedule F, filed as a separate filing. The nonpublic version of Schedule F contains trade secret information. Specifically, customer information that is not generally known to, and not readily ascertainable by vendors and competitors of MERC, who could obtain economic value from its disclosure. MERC maintains this information as secret. The Nonpublic version of Schedule F contains data which qualifies as "Trade Secret Data" pursuant to Minnesota Statutes Section 13.37 Subdivision 1(b).

g. A proposal to make refunds of interim rates, including interest, to affected customers. This proposal is included in Schedule G, attached here.

In addition, the Commission's Order requires that MERC recalculate its Conservation Improvement Program ("CIP") tracker and calculations to reflect the Commission's final decisions. Order Point 10 requires MERC to update its Conservation Cost Recovery Charge ("CCRC") factor to reflect the Department's recommended 2014 Conservation Improvement Program ("CIP") expense level of $9,396,422 and requires MERC to correct its CIP applicable volumes to the Department's recommended level. As reflected in Schedule H, MERC's final CCRC is $0.02448.

Order Point 11 requires MERC to debit or credit its CIP tracker account to reflect any under-recover or over-recovery of CIP costs during the interim-rates period. MERC has credited the tracker account, as show in Schedule F, to reflect the under-recovery of CIP costs during interim rates. MERC will submit a revised tracker once final rates are implemented if any additional adjustments are

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required. Order Point 12 requires that MERC review its CIP billing process and make a compliance filing in this docket to report its findings. To comply with this Order Point, MERC has undertaken a complete review of its CIP billing process, which is currently ongoing. MERC intends to submit a separate compliance filing on or before February 15, 2015.

Finally, the Commission's Order requires MERC to address issues related to MERC's Joint Rate Service. Order Point 34 requires MERC to work with the Department to address and resolve concerns regarding Joint Rate Service identified in Section III of the Commission's Order and make a compliance filing reporting on those efforts within 90 days of the date of the Commission's Order. MERC is in the process of reviewing its Joint Rates and will submit a separate Compliance Filing in accordance with the Commission's Order.

The following Schedules are attached to this compliance filing as described above:

**Schedule A** – Revised Schedule of Rates and Rate Design Apportionment

**Schedule B** – Redlined and Clean versions of tariff sheets

**Schedule C** – Proposed Customer Notices

**Schedule D** – Revised Base Cost of Gas

**Schedule E** – Summary of Rate Riders and Charges

**Schedule F** – CIP Tracker Account (Public and Nonpublic versions filed separately)

**Schedule G** – Interim Refund Plan assuming that final rates go into effect on April 1, 2015 and Interim rates are refunded beginning in May of 2015.

**Schedule H** – Revised CCRC Calculation

Please contact me at (920) 433-2926 if you have any questions.

Sincerely,

Seth DeMerritt

Seth DeMerritt
Rate Case Consultant

# Schedule A

# Revised Schedule of Rates

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

| MERC Customer Class | Current Revenue $ | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|
| **NNG SALES** | | | | |
| GS-NNG Residential Sales | $45,425,209 | $50,374,183 | $4,948,974 | 10.9% |
| GS-NNG SC&I Sales | $2,929,723 | $3,246,862 | $317,139 | 10.8% |
| GS-NNG LC&I Sales | $14,568,541 | $15,335,339 | $766,798 | 5.3% |
| SVI-NNG Sales | $2,462,353 | $2,134,025 | ($328,328) | -13.3% |
| LVI-NNG Sales | $415,670 | $502,953 | $87,283 | 21.0% |
| SVJ-NNG Sales | $23,925 | $21,471 | ($2,454) | -10.3% |
| **CONSOLIDATED SALES** | | | | |
| GS-CONSOLIDATED Residential Sales | $7,722,622 | $8,565,006 | $842,384 | 10.9% |
| GS-CONSOLIDATED SC&I Sales | $944,928 | $1,044,636 | $99,709 | 10.6% |
| GS-CONSOLIDATED LC&I Sales | $4,294,610 | $4,541,807 | $247,198 | 5.8% |
| SVI-CONSOLIDATED Sales | $593,971 | $514,850 | ($79,121) | -13.3% |
| LVI-CONSOLIDATED Sales | $194,388 | $244,374 | $49,986 | 25.7% |
| SVJ-CONSOLIDATED Sales | $40,965 | $37,155 | ($3,810) | -9.3% |
| **SALES TOTAL** | **$79,616,904** | **$86,562,662** | **$6,945,757** | **8.7%** |

| MERC Customer Class | Current Revenue $ | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|
| **NNG TRANSPORT** | | | | |
| SVI-NNG Transport | $241,650 | $200,659 | ($40,991) | -17.0% |
| LVI-NNG Transport - CIP Applicable | $1,242,322 | $1,575,019 | $332,697 | 26.8% |
| LVI-NNG Transport - CIP Exempt | 435,404 | 447,055 | $11,651 | 2.7% |
| SVJ-NNG Transport | $177,777 | $165,352 | ($12,425) | -7.0% |
| LVJ-NNG Transport | $591,164 | $735,264 | $144,100 | 24.4% |
| SLVI-NNG Transport-CIP Exempt | $776,746 | $789,976 | $13,230 | 1.7% |
| SLVI-NNG Transport-CIP Applicable | $83,931 | $122,393 | $38,462 | 45.8% |
| SLVJ-NNG Transport-CIP Exempt | $431,102 | $433,262 | $2,160 | 0.5% |
| Transport for Resale | $15,469 | $16,069 | $600 | 3.9% |
| LVJ-NNG Flex Transport (Cust "A") | $128,068 | $129,868 | $1,800 | 1.4% |
| LVI-NNG Flex Transport (Cust "B") | $58,938 | $59,538 | $600 | 1.0% |
| LVI-NNG Flex Transport (Cust "C") | $43,138 | $43,438 | $300 | 0.7% |
| LVI-NNG Flex Transport (Cust "D") | $81,208 | $81,508 | $300 | 0.4% |
| LVJ-NNG Flex Transport (Cust "E") | $120,036 | $122,076 | $2,040 | 1.7% |
| LVJ-NNG Flex Transport (Cust "F") | $91,389 | $94,089 | $2,700 | 3.0% |
| LVI-NNG Flex Transport (Cust "G") | $69,983 | $71,183 | $1,200 | 1.7% |
| **CONSOLIDATED TRANSPORT** | | | | |
| SVI-CONSOLIDATED Transport | $328,372 | $282,955 | ($45,417) | -13.8% |
| LVI-CONSOLIDATED Transport | $469,449 | $596,720 | $127,271 | 27.1% |
| SVJ-CONSOLIDATED Transport | $104,509 | $96,310 | ($8,199) | -7.8% |
| LVJ-CONSOLIDATED Transport | $221,726 | $274,873 | $53,148 | 24.0% |
| SLVI-CONSOLIDATED Transport-CIP Exempt | $410,985 | $420,705 | $9,720 | 2.4% |
| SLVI-CONSOLIDATED Transport-CIP Applicable | $0 | $0 | $0 | 0.0% |
| **NNG TOTAL** | **$70,413,744** | **$76,701,580** | **$6,287,836** | **8.9%** |
| **CONSOLIDATED TOTAL** | **$15,326,525** | **$16,619,393** | **$1,292,868** | **8.4%** |
| **COMPANY TOTAL** | **$85,740,268** | **$93,320,972** | **$7,580,704** | **8.8%** |

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

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

**GS-NNG Residential Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 1,967,776 | $8.50 | 16,726,096 | 1,967,776 | $9.50 | 18,693,872 | 1,967,776 | 11.8% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 145,282,540 | $0.18241 | 26,500,988 | 145,282,540 | $0.19358 | 28,123,794 | 1,622,806 | 6.1% |
| CCRC | 145,282,540 | $0.01513 | 2,198,125 | 145,282,540 | $0.02448 | 3,556,517 | 1,358,392 | 61.8% |
| Cost of Gas | 145,282,540 | $0.00000 | 0 | 145,282,540 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 45,425,209 | | | 50,374,183 | 4,948,974 | 10.9% |

**GS-NNG SC&I Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 99,950 | $14.50 | 1,449,275 | 99,950 | $18.00 | 1,799,100 | 349,825 | 24.1% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 7,991,623 | $0.17012 | 1,359,535 | 7,991,623 | $0.15668 | 1,252,127 | (107,407) | -7.9% |
| CCRC | 7,991,623 | $0.01513 | 120,913 | 7,991,623 | $0.02448 | 195,635 | 74,722 | 61.8% |
| Cost of Gas | 7,991,623 | $0.00000 | 0 | 7,991,623 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 2,929,723 | | | 3,246,862 | 317,139 | 10.8% |

**GS-NNG LC&I Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 95,890 | $35.00 | 3,356,150 | 95,890 | $45.00 | 4,315,050 | 958,900 | 28.6% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 66,471,374 | $0.15355 | 10,206,679 | 66,471,374 | $0.14131 | 9,393,070 | (813,610) | -8.0% |
| CCRC | 66,471,374 | $0.01513 | 1,005,712 | 66,471,374 | $0.02448 | 1,627,219 | 621,507 | 61.8% |
| Cost of Gas | 66,471,374 | $0.00000 | 0 | 66,471,374 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 14,568,541 | | | 15,335,339 | 766,798 | 5.3% |

**SVI-NNG Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 3,757 | $150.00 | 563,550 | 3,757 | $165.00 | 619,905 | 56,355 | 10.0% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 17,834,157 | $0.09134 | 1,628,972 | 17,834,157 | $0.06042 | 1,077,540 | (551,432) | -33.9% |
| CCRC | 17,834,157 | $0.01513 | 269,831 | 17,834,157 | $0.02448 | 436,580 | 166,749 | 61.8% |
| Cost of Gas | 17,834,157 | $0.00000 | 0 | 17,834,157 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 2,462,353 | | | 2,134,025 | (328,328) | -13.3% |

**LVI-NNG Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 717 | $175.00 | 125,475 | 717 | $185.00 | 132,645 | 7,170 | 5.7% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 8,133,264 | $0.02055 | 167,139 | 8,133,264 | $0.02105 | 171,205 | 4,067 | 2.4% |
| CCRC | 8,133,264 | $0.01513 | 123,056 | 8,133,264 | $0.02448 | 199,102 | 76,046 | 61.8% |
| Cost of Gas | 8,133,264 | $0.00000 | 0 | 8,133,264 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 415,670 | | | 502,953 | 87,283 | 21.0% |

**SVJ-NNG Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 36 | $150.00 | 5,400 | 36 | $165.00 | 5,940 | 540 | 10.0% |
| Daily Firm Capacity | 11,400 | $0.23000 | 2,622 | 11,400 | $0.25000 | 2,850 | 228 | 8.7% |
| Dist. Per Therm (less CCRC) | 149,364 | $0.09134 | 13,643 | 149,364 | $0.06042 | 9,025 | (4,618) | -33.9% |
| CCRC | 149,364 | $0.01513 | 2,260 | 149,364 | $0.02448 | 3,656 | 1,397 | 61.8% |
| Cost of Gas | 149,364 | $0.00000 | 0 | 149,364 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 23,925 | | | 21,471 | (2,454) | -10.3% |

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

**GS-CONSOLIDATED Residential Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 343,264 | $8.50 | 2,917,744 | 343,264 | $9.50 | 3,261,008 | 343,264 | 11.8% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 24,323,570 | $0.18241 | 4,436,862 | 24,323,570 | $0.19358 | 4,708,557 | 271,694 | 6.1% |
| CCRC | 24,323,570 | $0.01513 | 368,016 | 24,323,570 | $0.02448 | 595,441 | 227,425 | 61.8% |
| Cost of Gas | 24,323,570 | $0.00000 | 0 | 24,323,570 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 7,722,622 | | | 8,565,006 | 842,384 | 10.9% |

**GS-CONSOLIDATED SC&I Sales**

| | Units | Current Rate | Current Revenue $ | Units 0 | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 31,562 | $14.50 | 457,649 | 31,562 | $18.00 | 568,116 | 110,467 | 24.1% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 2,630,384 | $0.17012 | 447,481 | 2,630,384 | $0.15668 | 412,129 | (35,352) | -7.9% |
| CCRC | 2,630,384 | $0.01513 | 39,798 | 2,630,384 | $0.02448 | 64,392 | 24,594 | 61.8% |
| Cost of Gas | 2,630,384 | $0.00000 | 0 | 2,630,384 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 944,928 | | | 1,044,636 | 99,709 | 10.6% |

**GS-CONSOLIDATED LC&I Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 30,263 | $35.00 | 1,059,205 | 30,263 | $45.00 | 1,361,835 | 302,630 | 28.6% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 19,180,725 | $0.15355 | 2,945,200 | 19,180,725 | $0.14131 | 2,710,428 | (234,772) | -8.0% |
| CCRC | 19,180,725 | $0.01513 | 290,204 | 19,180,725 | $0.02448 | 469,544 | 179,340 | 61.8% |
| Cost of Gas | 19,180,725 | $0.00000 | 0 | 19,180,725 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 4,294,610 | | | 4,541,807 | 247,198 | 5.8% |

**SVI-CONSOLIDATED Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 908 | $150.00 | 136,200 | 908 | $165.00 | 149,820 | 13,620 | 10.0% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 4,299,529 | $0.09134 | 392,719 | 4,299,529 | $0.06042 | 259,778 | (132,941) | -33.9% |
| CCRC | 4,299,529 | $0.01513 | 65,052 | 4,299,529 | $0.02448 | 105,252 | 40,201 | 61.8% |
| Cost of Gas | 4,299,529 | $0.00000 | 0 | 4,299,529 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 593,971 | | | 514,850 | (79,121) | -13.3% |

**LVI-CONSOLIDATED Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 96 | $175.00 | 16,800 | 96 | $185.00 | 17,760 | 960 | 5.7% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 4,977,251 | $0.02055 | 102,283 | 4,977,251 | $0.02105 | 104,771 | 2,489 | 2.4% |
| CCRC | 4,977,251 | $0.01513 | 75,306 | 4,977,251 | $0.02448 | 121,843 | 46,537 | 61.8% |
| Cost of Gas | 4,977,251 | $0.00000 | 0 | 4,977,251 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 194,388 | | | 244,374 | 49,986 | 25.7% |

**SVJ-CONSOLIDATED Sales**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 60 | $150.00 | 9,000 | 60 | $165.00 | 9,900 | 900 | 10.0% |
| Daily Firm Capacity | 26,520 | $0.23000 | 6,100 | 26,520 | $0.25000 | 6,630 | 530 | 8.7% |
| Dist. Per Therm (less CCRC) | 242,936 | $0.09134 | 22,190 | 242,936 | $0.06042 | 14,678 | (7,512) | -33.9% |
| CCRC | 242,936 | $0.01513 | 3,676 | 242,936 | $0.02448 | 5,947 | 2,271 | 61.8% |
| Cost of Gas | 242,936 | $0.00000 | 0 | 242,936 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 40,965 | | | 37,155 | (3,810) | -9.3% |

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

**SVI-NNG Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 80 | $220.00 | 17,600 | 80 | $275.00 | 22,000 | 4,400 | 25.0% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 2,104,347 | $0.09134 | 192,211 | 2,104,347 | $0.06042 | 127,145 | (65,066) | -33.9% |
| CCRC | 2,104,347 | $0.01513 | 31,839 | 2,104,347 | $0.02448 | 51,514 | 19,676 | 61.8% |
| Cost of Gas | 2,104,347 | $0.00000 | 0 | 2,104,347 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 241,650 | | | 200,659 | (40,991) | -17.0% |

**LVI-NNG Transport - CIP Applicable**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 582 | $245.00 | 142,590 | 582 | $295.00 | 171,690 | 29,100 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 30,822,079 | $0.02055 | 633,394 | 30,822,079 | $0.02105 | 648,805 | 15,411 | 2.4% |
| CCRC | 30,822,079 | $0.01513 | 466,338 | 30,822,079 | $0.02448 | 754,524 | 288,186 | 61.8% |
| Cost of Gas | 30,822,079 | $0.00000 | 0 | 30,822,079 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 1,242,322 | | | 1,575,019 | 332,697 | 26.8% |

**LVI-NNG Transport - CIP Exempt**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 24 | $245.00 | 5,880 | 24 | $295.00 | 7,080 | 1,200 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 20,901,435 | $0.02055 | 429,524 | 20,901,435 | $0.02105 | 439,975 | 10,451 | 2.4% |
| CCRC | 20,901,435 | $0.00000 | 0 | 20,901,435 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 20,901,435 | $0.00000 | 0 | 20,901,435 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 435,404 | | | 447,055 | 11,651 | 2.7% |

**SVJ-NNG Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 154 | $220.00 | 33,880 | 154 | $275.00 | 42,350 | 8,470 | 25.0% |
| Daily Firm Capacity | 123,990 | $0.23000 | 28,518 | 123,990 | $0.25000 | 30,998 | 2,480 | 8.7% |
| Dist. Per Therm (less CCRC) | 1,083,675 | $0.09134 | 98,983 | 1,083,675 | $0.06042 | 65,476 | (33,507) | -33.9% |
| CCRC | 1,083,675 | $0.01513 | 16,396 | 1,083,675 | $0.02448 | 26,528 | 10,132 | 61.8% |
| Cost of Gas | 1,083,675 | $0.00000 | 0 | 1,083,675 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 177,777 | | | 165,352 | (12,425) | -7.0% |

**LVJ-NNG Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 209 | $245.00 | 51,205 | 209 | $295.00 | 61,655 | 10,450 | 20.4% |
| Daily Firm Capacity | 354,390 | $0.23000 | 81,510 | 354,390 | $0.25000 | 88,598 | 7,088 | 8.7% |
| Dist. Per Therm (less CCRC) | 12,848,918 | $0.02055 | 264,045 | 12,848,918 | $0.02105 | 270,470 | 6,424 | 2.4% |
| CCRC | 12,848,918 | $0.01513 | 194,404 | 12,848,918 | $0.02448 | 314,542 | 120,137 | 61.8% |
| Cost of Gas | 12,848,918 | $0.00000 | 0 | 12,848,918 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 591,164 | | | 735,264 | 144,100 | 24.4% |

**SLVI-NNG Transport-CIP Exempt**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 147 | $370.00 | 54,390 | 147 | $460.00 | 67,620 | 13,230 | 24.3% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 171,989,586 | $0.00420 | 722,356 | 171,989,586 | $0.00420 | 722,356 | 0 | 0.0% |
| CCRC | 171,989,586 | $0.00000 | $0.00000 | 171,989,586 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 171,989,586 | $0.00000 | 0 | 171,989,586 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 776,746 | | | 789,976 | 13,230 | 1.7% |

**SLVI-NNG Transport-CIP Applicable**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 24 | $370.00 | 8,880 | 24 | $460.00 | 11,040 | 2,160 | 24.3% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 3,882,598 | $0.00420 | 16,307 | 3,882,598 | $0.00420 | 16,307 | 0 | 0.0% |
| CCRC | 3,882,598 | $0.01513 | 58,744 | 3,882,598 | $0.02448 | 95,046 | 36,302 | 61.8% |
| Cost of Gas | 3,882,598 | $0.00000 | 0 | 3,882,598 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 83,931 | | | 122,393 | 38,462 | 45.8% |

**SLVJ-NNG Transport-CIP Exempt**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 24 | $370.00 | 8,880 | 24 | $460.00 | 11,040 | 2,160 | 24.3% |
| Daily Firm Capacity | 4,094,400 | $0.06200 | 253,853 | 4,094,400 | $0.06200 | 253,853 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 40,087,954 | $0.00420 | 168,369 | 40,087,954 | $0.00420 | 168,369 | 0 | 0.0% |
| CCRC | 40,087,954 | $0.00000 | 0 | 40,087,954 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 40,087,954 | $0.00000 | 0 | 40,087,954 | $0.00000 | 0 | 0 | 0.0% |

| | | | | |
|---|---|---|---|---|
| TOTAL | 431,102 | 433,262 | 2,160 | 0.5% |

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

**Transport for Resale**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 12 | $245.00 | 2,940 | 12 | $295.00 | 3,540 | 600 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 174,008 | $0.05687 | 9,896 | 174,008 | $0.04752 | 8,269 | (1,627) | -16.4% |
| CCRC | 174,008 | $0.01513 | 2,633 | 174,008 | $0.02448 | 4,260 | 1,627 | 61.8% |
| Cost of Gas | 174,008 | $0.00000 | 0 | 174,008 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 15,469 | | | 16,069 | 600 | 3.9% |

**LVJ-NNG Flex Transport (Cust "A")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 12 | $245.00 | 2,940 | 12 | $295.00 | 3,540 | 600 | 20.4% |
| Daily Firm Capacity | 60,000 | $0.23000 | 13,800 | 60,000 | $0.25000 | 15,000 | 1,200 | 8.7% |
| Dist. Per Therm (less CCRC) | 5,671,294 | $0.00450 | 25,521 | 5,671,294 | ($0.00485) | (27,506) | (53,027) | -207.8% |
| CCRC | 5,671,294 | $0.01513 | 85,807 | 5,671,294 | $0.02448 | 138,833 | 53,027 | 61.8% |
| Cost of Gas | 5,671,294 | $0.00000 | 0 | 5,671,294 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 128,068 | | | 129,868 | 1,800 | 1.4% |

**LVI-NNG Flex Transport (Cust "B")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 12 | $245.00 | 2,940 | 12 | $295.00 | 3,540 | 600 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 11,199,507 | $0.00500 | 55,998 | 11,199,507 | $0.00500 | 55,998 | 0 | 0.0% |
| CCRC | 11,199,507 | $0.00000 | 0 | 11,199,507 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 11,199,507 | $0.00000 | 0 | 11,199,507 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 58,938 | | | 59,538 | 600 | 1.0% |

**LVI-NNG Flex Transport (Cust "C")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 6 | $245.00 | 1,470 | 6 | $295.00 | 1,770 | 300 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 5,952,518 | $0.00700 | 41,668 | 5,952,518 | $0.00700 | 41,668 | 0 | 0.0% |
| CCRC | 5,952,518 | $0.00000 | 0 | 5,952,518 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 5,952,518 | $0.00000 | 0 | 5,952,518 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 43,138 | | | 43,438 | 300 | 0.7% |

**LVI-NNG Flex Transport (Cust "D")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 6 | $245.00 | 1,470 | 6 | $295.00 | 1,770 | 300 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 5,315,866 | $0.01500 | 79,738 | 5,315,866 | $0.01500 | 79,738 | 0 | 0.0% |
| CCRC | 5,315,866 | $0.00000 | 0 | 5,315,866 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 5,315,866 | $0.00000 | 0 | 5,315,866 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 81,208 | | | 81,508 | 300 | 0.4% |

**LVJ-NNG Flex Transport (Cust "E")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 12 | $245.00 | 2,940 | 12 | $295.00 | 3,540 | 600 | 20.4% |
| Daily Firm Capacity | 72,000 | $0.23000 | 16,560 | 72,000 | $0.25000 | 18,000 | 1,440 | 8.7% |
| Dist. Per Therm (less CCRC) | 6,702,398 | $0.01500 | 100,536 | 6,702,398 | $0.01500 | 100,536 | 0 | 0.0% |
| CCRC | 6,702,398 | $0.00000 | 0 | 6,702,398 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 6,702,398 | $0.00000 | 0 | 6,702,398 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 120,036 | | | 122,076 | 2,040 | 1.7% |

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

**LVJ-NNG Flex Transport (Cust "F")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 36 | $245.00 | 8,820 | 36 | $295.00 | 10,620 | 1,800 | 20.4% |
| Daily Firm Capacity | 45,000 | $0.23000 | 10,350 | 45,000 | $0.25000 | 11,250 | 900 | 8.7% |
| Dist. Per Therm (less CCRC) | 3,359,041 | $0.00637 | 21,397 | 3,359,041 | ($0.00298) | (10,010) | (31,407) | -146.8% |
| CCRC | 3,359,041 | $0.01513 | 50,822 | 3,359,041 | $0.02448 | 82,229 | 31,407 | 61.8% |
| Cost of Gas | 3,359,041 | $0.00000 | 0 | 3,359,041 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 91,389 | | | 94,089 | 2,700 | 3.0% |

**LVI-NNG Flex Transport (Cust "G")**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 24 | $245.00 | 5,880 | 24 | $295.00 | 7,080 | 1,200 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 2,136,751 | $0.01487 | 31,773 | 2,136,751 | $0.00552 | 11,795 | (19,979) | -62.9% |
| CCRC | 2,136,751 | $0.01513 | 32,329 | 2,136,751 | $0.02448 | 52,308 | 19,979 | 61.8% |
| Cost of Gas | 2,136,751 | $0.00000 | 0 | 2,136,751 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 69,983 | | | 71,183 | 1,200 | 1.7% |

**SVI-CONSOLIDATED Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 212 | $220.00 | 46,640 | 212 | $275.00 | 58,300 | 11,660 | 25.0% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 2,646,113 | $0.09134 | 241,696 | 2,646,113 | $0.06042 | 159,878 | (81,818) | -33.9% |
| CCRC | 2,646,113 | $0.01513 | 40,036 | 2,646,113 | $0.02448 | 64,777 | 24,741 | 61.8% |
| Cost of Gas | 2,646,113 | $0.00000 | 0 | 2,646,113 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 328,372 | | | 282,955 | (45,417) | -13.8% |

**LVI-CONSOLIDATED Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 132 | $245.00 | 32,340 | 132 | $295.00 | 38,940 | 6,600 | 20.4% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 12,250,818 | $0.02055 | 251,754 | 12,250,818 | $0.02105 | 257,880 | 6,125 | 2.4% |
| CCRC | 12,250,818 | $0.01513 | 185,355 | 12,250,818 | $0.02448 | 299,900 | 114,545 | 61.8% |
| Cost of Gas | 12,250,818 | $0.00000 | 0 | 12,250,818 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 469,449 | | | 596,720 | 127,271 | 27.1% |

**SVJ-CONSOLIDATED Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 92 | $220.00 | 20,240 | 92 | $275.00 | 25,300 | 5,060 | 25.0% |
| Daily Firm Capacity | 57,260 | $0.23000 | 13,170 | 57,260 | $0.25000 | 14,315 | 1,145 | 8.7% |
| Dist. Per Therm (less CCRC) | 667,787 | $0.09134 | 60,996 | 667,787 | $0.06042 | 40,348 | (20,648) | -33.9% |
| CCRC | 667,787 | $0.01513 | 10,104 | 667,787 | $0.02448 | 16,347 | 6,244 | 61.8% |
| Cost of Gas | 667,787 | $0.00000 | 0 | 667,787 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 104,509 | | | 96,310 | (8,199) | -7.8% |

**LVJ-CONSOLIDATED Transport**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 84 | $245.00 | 20,580 | 84 | $295.00 | 24,780 | 4,200 | 20.4% |
| Daily Firm Capacity | 151,320 | $0.23000 | 34,804 | 151,320 | $0.25000 | 37,830 | 3,026 | 8.7% |
| Dist. Per Therm (less CCRC) | 4,662,053 | $0.02055 | 95,805 | 4,662,053 | $0.02105 | 98,136 | 2,331 | 2.4% |
| CCRC | 4,662,053 | $0.01513 | 70,537 | 4,662,053 | $0.02448 | 114,127 | 43,590 | 61.8% |
| Cost of Gas | 4,662,053 | $0.00000 | 0 | 4,662,053 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 221,726 | | | 274,873 | 53,148 | 24.0% |

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

**SLVI-CONSOLIDATED Transport-CIP Exempt**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 108 | $370.00 | 39,960 | 108 | $460.00 | 49,680 | 9,720 | 24.3% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 43,650,050 | $0.00850 | 371,025 | 43,650,050 | $0.00850 | 371,025 | 0 | 0.0% |
| CCRC | 43,650,050 | $0.00000 | 0 | 43,650,050 | $0.00000 | 0 | 0 | 0.0% |
| Cost of Gas | 43,650,050 | $0.00000 | 0 | 43,650,050 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 410,985 | | | 420,705 | 9,720 | 2.4% |

**SLVI-CONSOLIDATED Transport-CIP Applicable**

| | Units | Current Rate | Current Revenue $ | Units | Proposed Rate | Proposed Revenue $ | Increase $ | Increase % |
|---|---|---|---|---|---|---|---|---|
| Fixed Monthly Charge | 0 | $370.00 | 0 | 0 | $460.00 | 0 | 0 | 0.0% |
| Daily Firm Capacity | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| Dist. Per Therm (less CCRC) | 0 | $0.00850 | 0 | 0 | $0.00850 | 0 | 0 | 0.0% |
| CCRC | 0 | $0.01513 | 0 | 0 | $0.02448 | 0 | 0 | 0.0% |
| Cost of Gas | 0 | $0.00000 | 0 | 0 | $0.00000 | 0 | 0 | 0.0% |
| TOTAL | | | 0 | | | 0 | 0 | 0.0% |

| | Commission Revenue w/o Gas Costs | Commission Apportionment | DOC Proposed Apportionment |
|---|---|---|---|
| GS-NNG Residential Sales | $ 50,374,183 | 54.0% | 54.3% |
| GS-CONSOLIDATED Residential Sales | $ 8,565,006 | 9.2% | 9.1% |
| Total Residential | $ 58,939,189 | 63.2% | 63.4% |
| | | | |
| GS-NNG SC&I Sales | $3,246,862 | 3.5% | 3.5% |
| GS-CONSOLIDATED SC&I Sales | $1,044,636 | 1.1% | 1.1% |
| Total GS SC&I Sales | $ 4,291,498 | 4.6% | 4.6% |
| | | | |
| GS-NNG LC&I Sales | $15,335,339 | 16.4% | 16.4% |
| GS-CONSOLIDATED LC&I Sales | $4,541,807 | 4.9% | 4.9% |
| Total GS LC&I Sales | $ 19,877,146 | 21.3% | 21.3% |
| | | | |
| SVI-NNG Sales | $2,134,025 | 2.3% | 2.2% |
| SVJ-NNG Sales | $21,471 | 0.0% | 0.0% |
| SVI-CONSOLIDATED Sales | $514,850 | 0.6% | 0.6% |
| SVJ-CONSOLIDATED Sales | $37,155 | 0.0% | 0.0% |
| SVI-NNG Transport | $200,659 | 0.2% | 0.3% |
| SVJ-NNG Transport | $165,352 | 0.2% | 0.2% |
| SVI-CONSOLIDATED Transport | $282,955 | 0.3% | 0.3% |
| SVJ-CONSOLIDATED Transport | $96,310 | 0.1% | 0.1% |
| Total Small Volume Interruptible & Joint | $ 3,452,777 | 3.7% | 3.7% |
| | | | |
| LVI-NNG Sales | $502,953 | 0.5% | 0.5% |
| LVI-CONSOLIDATED Sales | $244,374 | 0.3% | 0.3% |
| LVI-NNG Transport - CIP Applicable | $1,575,019 | 1.7% | 2.2% |
| LVI-NNG Transport - CIP Exempt | 447,055 | 0.5% | |
| LVJ-NNG Transport | $735,264 | 0.8% | 0.8% |
| LVI-CONSOLIDATED Transport | $596,720 | 0.6% | 0.6% |
| LVJ-CONSOLIDATED Transport | $274,873 | 0.3% | 0.3% |
| Total Large Volume Interruptible & Joint | $ 4,376,258 | 4.7% | 4.7% |
| | | | |
| Transport for Resale | $ 16,069 | 0.0% | 0.0% |
| | | | |
| LVJ-NNG Flex Transport (Cust "A") | $129,868 | 0.1% | 0.4% |
| LVI-NNG Flex Transport (Cust "B") | $59,538 | 0.1% | 0.3% |
| LVI-NNG Flex Transport (Cust "C") | $43,438 | 0.0% | |
| LVI-NNG Flex Transport (Cust "D") | $81,508 | 0.1% | |
| LVJ-NNG Flex Transport (Cust "E") | $122,076 | 0.1% | |
| LVJ-NNG Flex Transport (Cust "F") | $94,089 | 0.1% | |
| LVI-NNG Flex Transport (Cust "G") | $71,183 | 0.1% | |
| SLVI-NNG Transport-CIP Exempt | $789,976 | 0.8% | 0.9% |
| SLVI-NNG Transport-CIP Applicable | $122,393 | 0.1% | |
| SLVJ-NNG Transport-CIP Exempt | $433,262 | 0.5% | 0.4% |
| SLVI-CONSOLIDATED Transport-CIP Exempt | $420,705 | 0.5% | 0.4% |
| SLVI-CONSOLIDATED Transport-CIP Applicable | $0 | 0.0% | |
| Total FLEX & SLV | $ 2,368,035 | 2.5% | 2.4% |
| | | | |
| Total MERC | $ 93,320,972 | 100.0% | 100.1% |

# Schedule B

# Redlined and Clean Tariff Sheets

Redline Tariffs

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Issued By: DM Derricks~~J F Schott~~
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective Date: ~~December 1, 2012~~ April 1, 2015
Proposed Effective Date: ~~December 1, 2012~~ April 1, 2015

*Effective with bills issued on and after this date.

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**MINNESOTA CITIES SERVED BY MERC**

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

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*Effective Date: ~~December 1, 2012~~ April 1, 2015
Proposed Effective Date: ~~December 1, 2012~~

**MINNESOTA CITIES SERVED BY MERC (Continued)**

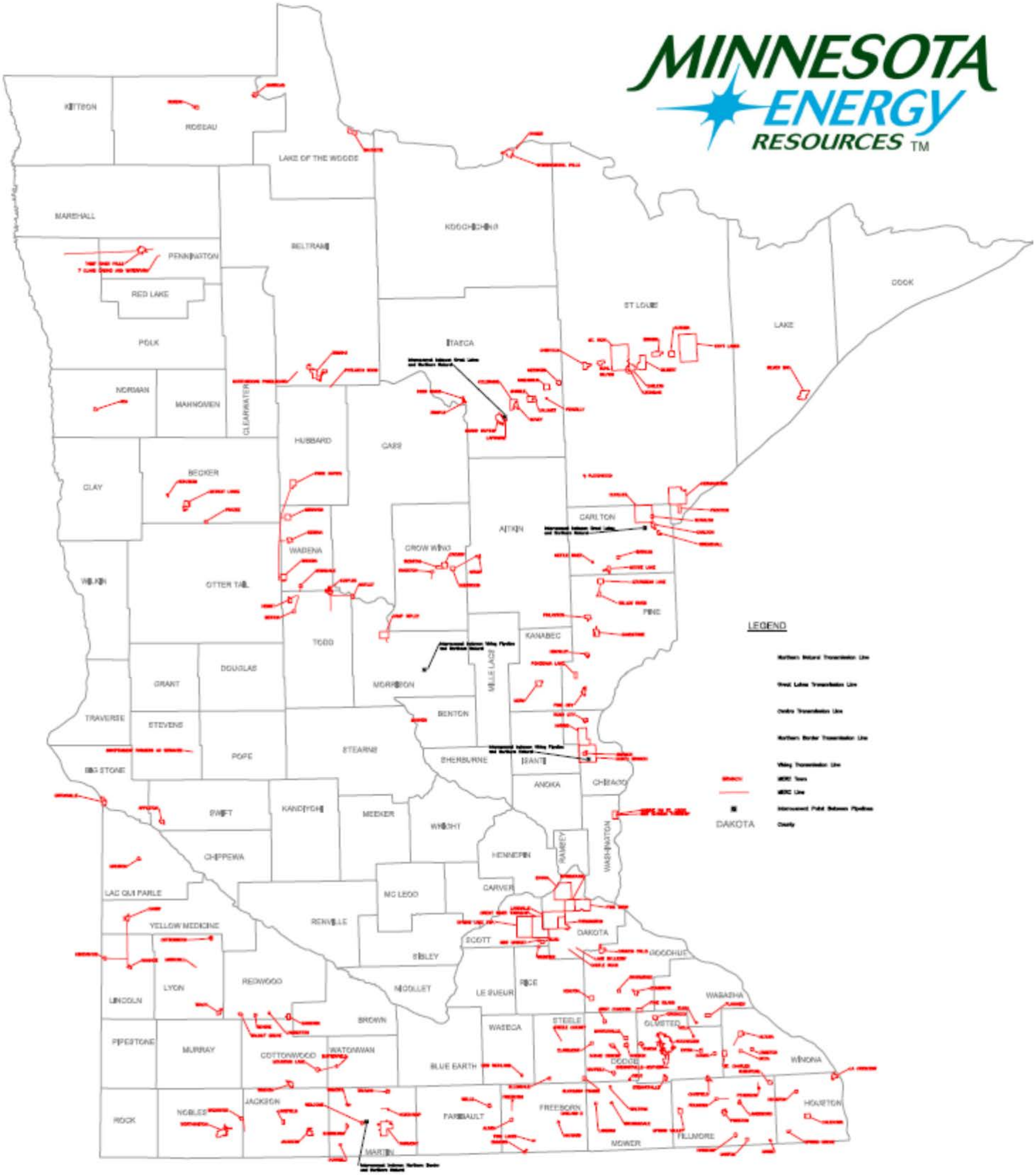
Scanlon
Sebeka
Silver Bay
Silver Brook Township
Sherburn
Spring Grove
Spring Lake Township
Spring Valley
Staples
St. Charles
Stewartville
Sturgeon Lake
Tracy
Thief River Falls
Trimont
Truman
Twin Lakes
Twin Lake Township
Utica
Verndale
Viola
Wadena
Walnut Grove
Waltham
Wanamingo
Warroad
Webster Township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

## MINNESOTA COUNTIES SERVED BY MERC

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

CANCELED

MERC


MINNESOTA ENERGY RESOURCES TM
KITTSON
ROSEAU
LAKE OF THE WOODS
MARSHALL
KOOCHICHING
BELTRAMI
PENNINGTON
RED LAKE
COOK
POLK
ST LOUIS
LAKE
ITASCA
NORMAN
MAHNOMEN
CLEARWATER
HUBBARD
CASS
BECKER
CLAY
CARLTON
AITKIN
WADENA
CROW WING
WILKIN
OTTER TAIL
PINE
LEGEND
KANABEC
TODD
DOUGLAS
GRANT
MORRISON
MILLE LACS
BENTON
TRAVERSE
STEVENS
POPE
STEARNS
SHERBURNE
ISANTI
BIG STONE
ANOKA
CHISAGO
SWIFT
KANDIYOHI
MEEKER
WRIGHT
DAKOTA
CHIPPEWA
HENNEPIN
RAMSEY
WASHINGTON
LAC QUI PARLE
MC LEOD
CARVER
YELLOW MEDICINE
RENVILLE
DAKOTA
SCOTT
GOODHUE
SIBLEY
LINCOLN
LYON
REDWOOD
NICOLLET
LE SUEUR
RICE
WABASHA
BROWN
WASECA
STEELE
OLMSTED
PIPESTONE
MURRAY
COTTONWOOD
WATONWAN
BLUE EARTH
DODGE
WINONA
ROCK
NOBLES
JACKSON
FARIBAULT
FREEBORN
HOUSTON
MOWER
FILLMORE
MARTIN

CANCELED

## CONTACT LIST

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

A. General Management Duties:

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

~~Jim Schott,~~Dennis M. Derricks Vice President, Regulatory Affairs
(920) 433-1470~~1350~~
~~(920) 680-6806~~

~~Greg Walters~~Amber S. Lee, Manager Regulatory Services
~~(507) 529-5100~~(651) 322-8965

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

~~Jim Schott~~Dennis M. Derricks, Vice President, Regulatory Affairs
(920) 433-1470~~1350~~
~~(920) 680-6806~~

~~Greg Walters~~Amber S. Lee, Manager Regulatory Services
~~(507) 529-5100~~(651) 322-8965

B. Customer Relations:

Nancy Lilienthal – Senior Administrative Assistant
(651) 322-8902

David Perron – Business Services Manager
(651) 322-8920

C. Emergencies - Non-Office Hours:

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

## TECHNICAL TERMS AND ABBREVIATIONS

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

# RATE SCHEDULE GS-NNG GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.609754~~4355~~ (MERC-NNG) per therm
   - A. Residential
     Customer Charge per Month - $~~8.50~~9.50
     Distribution Charge @ $0.~~19754~~ 21806 per therm
   - B. Commercial and Industrial - 1,500 therms or less per Year
     Customer Charge per Month - $~~14.50~~18.00
     Distribution Charge @ $0.~~18525~~ ~~17~~18116 per therm
   - C. Commercial and Industrial - Over 1,500 therms per Year
     Customer Charge per Month – $~~35.00~~45.00
     Distribution Charge @ $0.~~16868~~ 16579 per therm

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

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

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

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

   Btu's will be calculated on an arithmetic average.

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

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: DM Derricks
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: ~~July 1, 2013~~ April 1, 2015
Proposed Effective Date: ~~July 1, 2013~~ April 1, 2015

CANCELED

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.052440~~57194~~ (MERC-Consolidated) per therm
   - A. Residential
     Customer Charge per Month - $~~8.50~~9.50
     Distribution Charge @ $0.~~19754~~ 21806 per therm
   - B. Commercial and Industrial - 1,500 therms or less per Year
     Customer Charge per Month – $~~14.50~~18.00
     Distribution Charge @ $0.~~18525~~ 18116 per therm
   - C. Commercial and Industrial - Over 1,500 therms per Year
     Customer Charge per Month – $~~35.00~~45.00
     Distribution Charge @ $0.~~16868~~ 16579 per therm

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

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

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

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

   Btu's will be calculated on an arithmetic average.

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

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: DM Derricks
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: ~~July 1, 2013~~ April 1, 2015
Proposed Effective Date: ~~July 1, 2013~~ April 1, 2015

CANCELED

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Rates:

A. Per month: Customer Charge $~~150~~165.00 per meter
Base rate of gas @ $0.4~~7461~~56357 (MERC-NNG) per therm
Distribution charge @ $0.~~10647~~ 08490 per therm

B. The rate per therm of daily firm capacity, if any, shall be $~~1.95620~~ 2.00712 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

Issued By: DM Derricks
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: ~~July 1, 2013~~April 1, 2015
Proposed Effective Date: ~~July 1, 2013~~April 1, 2015

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

CANCELED

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

~~4. Rates:~~

~~A. Per month: Customer Charge $150165.00 per meter~~
~~Base rate of gas @ $0.46555(MERC) per therm~~
~~Distribution charge @ $0.10647 per therm~~

~~B. The rate per therm of daily firm capacity, if any, shall be $0.590376880 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet~~

~~No. 7.07 for rate details.~~

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

4. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.44363(MERC-Consolidated) per therm
Distribution charge @ $0.08490 per therm

B. The rate per therm of daily firm capacity, if any, shall be $0.59037 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

| |
|---|
| CANCELED |

CANCELED

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

~~4. Rates:~~

~~A. Per month: Customer Charge $175185.00 per meter~~
~~Base rate of gas @ $0.47461 (MERC-NNG) per therm~~
~~Distribution charge @ $0.03568 per therm~~

~~B. The rate per therm of daily firm capacity, if any, shall be $1.956202.00712 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.~~

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

4. Rates:

A. Per month: Customer Charge $185.00 per meter
Base rate of gas @ $0.43407 (MERC-NNG) per therm
Distribution charge @ $0.04553per therm

B. The rate per therm of daily firm capacity, if any, shall be $2.00712 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

CANCELED

Issued By: DM Derricks~~J F Schott~~
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: ~~December 1, 2012~~ April 1, 2015
Proposed Effective Date: ~~December 1, 2012~~ April 1, 2015

CANCELED

RATE SCHEDULE LVI-CONSOLIDATED LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Rates:
   A. Per month: Customer Charge - $~~175.00~~185.00 per meter
   Base rate of gas @ $0.4436~~36555~~ (MERC-Consolidated) per therm
   Distribution charge @ $0.~~03568~~ 04553 per therm

   B. The rate per therm of daily firm capacity, if any, shall be $0.590376~~6880~~ per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

Issued By: DM Derricks
Asst. VP Regulatory Affairs
*Effective Date: ~~July 1, 2013~~ April 1, 2015
Proposed Effective Date: ~~July1, 2013~~ April 1, 2015
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

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

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

8. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

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RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.

2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

3. Rate:
   - A. The customer charge shall be $~~300~~350.00 per month per meter.
   - B. The rate per therm of daily firm capacity shall be $2.00712~~1.95620~~ (MERC-NNG) per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.
   - C. The base rate of gas is $0.43407~~7461~~ (MERC-NNG) per therm, and the distribution charge is $0.00420 per therm for CIP-Exempt and $0.02868 per therm for CIP-Applicable.
   - D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
   - E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

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

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

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

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

9. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

## TRANSPORTATION RATE SCHEDULE

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

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

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

   Small Volume Joint Firm/Interruptible Service
   Large Volume Joint Firm/Interruptible Service

   Super Large Volume Service
   Super Large Volume Interruptible Transport (See Rate Schedule Sheet Nos. 6.20 and 6.25) only available for transportation not sales service.

2. Rate:
   Fixed Rate
   Customer Charge - $~~70~~110.00 per month per metered account for administrative costs related to transportation plus the monthly customer charge according to the applicable sales rate schedule for which the customer would otherwise qualify.

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

3. Special Conditions:

A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.

C. All Large Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. All Small Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. Customers must reimburse Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.

D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per Company's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to

TRANSPORTATION RATE SCHEDULE (Continued)

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

H. Joint rate transportation service customers can select one of the following two options:

1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).

2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a joint affidavit signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

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

If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. BTU Adjustment: Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

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

Daily Scheduling Charges
This section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport or SLVI-Consolidated Transport customers. Mainline or SLVI-NNG Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

**Northern Natural Gas**

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

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

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   1. For consumption up to 105% of confirmed nomination, $1.00 per dekatherm in excess of confirmed nomination up to 105%.
   2. For consumption greater than 105% of confirmed nomination, $10.66 per dekatherm in excess of 105% of confirmed nomination.

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

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

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

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

**Great Lakes and Viking**

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas

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

The MIPs shall be determined as follows:

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

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

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

| | |
|---|---|
| 3 dekatherm at MIP * 100% | $ 6.69 |
| 2 dekatherm at MIP * 102% | $ 4.55 |
| 5 dekatherm at MIP * 110% | $12.26 |
| 5 dekatherm at MIP * 120% | $13.38 |
| 5 dekatherm at MIP * 130% | $14.49 |
| 10 dekatherm at MIP * 140% | $31.22 |
| | $82.59 |

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

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

Viking and Great Lakes

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

Schedule A

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

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TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

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

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

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

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

11. Small Volume Balancing Service

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

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

12 Large Volume Balancing Service (LVBS) Program

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

13. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.

14. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or $20 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.

15. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.

16. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.

17. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

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

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

3. Rate
Customer Charge - $~~370~~460.00 per month per meter.

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.0042~~/dekatherm~~ per therm for CIP-Exempt and $0.02868~~1933~~ per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

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

Btu's will be calculated on an arithmetic average.

Issued By: DM Derricks~~J F Schott~~
Asst. VP Regulatory Affairs
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Proposed Effective Date: ~~December 1, 2012~~ April 1, 2015
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

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

4. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All Large Volume transportation customers other than farm tap customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

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

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

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

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

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-NNG transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

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

RATE SCHEDULE SLVI-NNG

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

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

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

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

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

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

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3".

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

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

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

3. Rate
Customer Charge - $~~370~~460.00 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $.0085/therm for CIP-Exempt and $0.~~02363~~0398 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

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

Btu's will be calculated on an arithmetic average.

Issued By: DM Derricks~~J F Schott~~
Asst. VP Regulatory Affairs
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*Effective with bills issued on and after this date.

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

5. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All Large Volume transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

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

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

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

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

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

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

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

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

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

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

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

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

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3.".~~.~~

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

FLEXIBLE RATE GAS SERVICE RIDER

1. Availability: Service under this rate schedule is available to any non-general-service customer.

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

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company's system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company's system are eligible to take service under flexible tariffs.

3. Rate:
Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.

A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
C. The rate for gas delivered shall be at least $0.0045 per therm.
D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the commodity charge for all volumes taken subject to and computed in accordance with Part C.
E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1,000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

4. General Terms and Conditions:
All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

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

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

TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other "Transportation for Resale" customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.

2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.

3. Rate:
   A. The customer charge shall be $~~175~~185.00 per month plus a charge of $~~70~~110.00 per month for administrative costs related to transportation.
   B. The rate per dekatherm for transportation charge shall be $.72.

   The customer is responsible for purchasing its own entitlement units, e.g., Daily Firm Capacity, etc. The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.

4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.

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

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is $113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.

2. Viking Gas Transmission Company: Not applicable.

3. Great Lakes Transmission: -Not applicable.

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

PURCHASED GAS ADJUSTMENT - UNIFORM CLAUSE

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

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

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

Where:

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

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

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

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

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

$V^1$ = Projected 12 months sales volumes.

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

PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE (Continued)

3. Application of Calculation

The formula $\frac{PD}{V} + \text{WACOG} + \frac{A}{V^1} - B$ identified previously will be calculated separately for each supplier and/or supply zone (where separate rate schedules are maintained), if appropriate by class of service for interruptible, firm and general service sales. Demand charges will be assigned on a unit basis to applicable customers.

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

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

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

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

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

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

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

## CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

1. Applicability of Conservation Cost Recovery Charge and Adjustment:
“Large Energy Facility”, as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the “Large Energy Facility” customers can no longer participate in any utility’s Energy Conservation Improvement Program.

“Large Customer Facility” customers that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Large Customer Facility” customers can no longer participate in the Company’s Energy Conservation Improvement Program.

“Commercial Gas Customers” that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Commercial Gas Customers” can no longer participate in the Company’s Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company’s rate case. The CCRC factor is approved and applied on a per therm basis by .dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:

| | |
|---|---|
| All Classes MERC | $0.02448~~2432~~/therm* |

3. Adjustment: There shall be included on each customer’s monthly bill a CCRA factor multiplied by the customer’s monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.

4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

** Proposed for approval in Docket No. G011/GR-13-617. MERC will not implement the CCRC until approved by the Commission.

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

| | |
|---|---|
| All Classes MERC | $0.00554 |

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat.§ 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

   Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

   Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

GAS AFFORDABILITY SERVICE PROGRAM (“PROGRAM”)

1. Availability:

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

2. Program Description and Rate Impact for Qualifying Customers:

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

2.1. *Affordability Component:*

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

2.2. *Arrearage Forgiveness Component:*

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

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

3. Conditions of Service:

3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.

3.2. Before the start of an enrollment period, MERC will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to MERC before the close of the enrollment period.

3.3. Regardless of arrears balances, MERC agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.

3.4. Qualified Customers must maintain an active MERC account in said customer's name at their permanent primary residence only to be eligible for this Program.

3.5. Qualified Customers agree to notify MERC of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.

3.6 If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC's regular collection practices including the possibility of disconnection.

4. Funding:

4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC shall not exceed $1 million ($1,000,000.00) per year plus the estimated tracker balance as of December 31, 2011. *See* Exhibit B. MERC shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.

4.2. MERC shall recover Program costs in the Delivery Charge applicable to customers receiving firm service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service.

4.3. A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. MERC will track and defer Program costs with regulatory approval. The prudency of the Program costs are subject to regulatory review.

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

4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service. The initial rate is $0.00441 per therm. The surcharge will be identified as a separate line item, Gas Affordability Program charge, on the customer’s bill. MERC may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case or at the end of the initial four-year term of the Program.

5. Evaluation:

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

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

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

6. Program Revocation:

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

7. Term:

The Program shall become effective January 1, 2012 and shall have a four-year term ending December 31, 2015. Annual reporting will begin on March 31, 2012 and will continue each year thereafter, ending on March 31, 2015.

8. Applicability:

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

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

Exhibit B

| | |
|---|---|
| MERC TOTAL Throughput* | 263,765,128/therm |
| Projected program arrearage expenses | $950,000.00 |
| Projected program administrative expenses | $50,000.00 |
| Projected GAP Tracker Balance at Dec. 31, 2011 | $653,461.25 |
| 4-Year Amortization of GAP Tracker Balance | $163,365.31 |
| Projected total program costs | $1,163,365.31 |
| MERC affordability surcharge<br>$1,163,365.31/263,765,128/therm | $0.00441/therm |

*Volume data from DOC Witness Adam Heinen's Additional Rebuttal Testimony, DOC Exhibit__ (AJH-AR-4) in Docket No. G007,011/GR-10-977

CANCELED

CANCELED

CANCELED

CANCELED

REVENUE DECOUPLING MECHANISM ("RDM")

1. Purpose

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

2. Applicability

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

3. Definitions

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

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

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

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

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

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

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

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

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

REVENUE DECOUPLING MECHANISM (“RDM”)(Continued)

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

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

4. Determination of Adjustment

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

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

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

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

6. Minnesota Public Utilities Commission (Commission) Authority

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

REVENUE DECOUPLING MECHANISM ("RDM")(Continued)

7. Reports

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

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

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

8. Pilot Period

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

Issued By: DM Derricks~~Jim Schott~~
Asst. VP Regulatory Affairs
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: ~~December 1, 2012~~April 1, 2015
Proposed Effective Date: ~~December 1, 2012~~April 1, 2015

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS:

A. Company:

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

B. Commission:

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

C. Customer:

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

D. Town Plant:

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

E. Town Border Station:

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

F. Types of Customers:

1. Residential:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

1. Residential (Continued)

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

2. Commercial:

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

3. Industrial:

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

4. Joint Rate Service:

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

5. Interruptible Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Types of Customers (Continued)

6. Small Volume:

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

7. Large Volume:

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

8. General Service:

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

9. Transportation Service:

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

10. Human Needs Customer:

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

11. Marketer:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

F. Types of Customers (Continued)

12. Firm Service:

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

G. Distribution Mains:

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

H. Service Line:

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

I. Point of Delivery:

The point of delivery and the point where Company ownership and maintenance of service pipe ends, shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and customer. All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the customer and are subject to the inspection and approval of the Company and other authorities which have jurisdiction.

J. Fuel Line:

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

K. Abbreviations:

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

Cfh - Cubic Feet Per Hour
ºF - Degree Fahrenheit

L. Disconnection of Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

M. Temporary Disconnection:

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

N. Maximum Daily Quantity (MDQ):

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

O. Daily Firm Capacity:

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

P. Critical Day:

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

Q. Operational Flow Order:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY

A. Quality:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

D. Computation of Volumes of Gas Sold:

1. General Service and Small Volume Interruptible Customers: The volume of gas delivered to customer shall be computed at the standard unit of measurement. Where delivery pressure exceeds the standard unit of measurement the volumes will be corrected to the standard unit of measurement in accordance with the A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4.

2. Contractual Customers:

(a) Measurement Factors: The volume of gas delivered as measured at delivery pressures shall be corrected to the unit of measurement specified in the contract. Measurement and determination of volumes delivered shall be made in accordance with the recommendations set forth in A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4, or AGA Report No. 7.

(b) Temperature: The temperature of gas delivered and measured shall be assumed to be sixty (60) degrees Fahrenheit. Where a recording thermometer has been installed to record the temperature of the gas flowing through the meters, the arithmetic average of the hourly temperature so recorded shall be used in measurement computation.

(c) Specific Gravity: The specific gravity of the gas used in the measurement shall be as determined by the Company's wholesale natural gas suppliers: Northern Natural Gas Company, Great Lakes Gas Transmission Company, and Viking Transmission Company.

(d) Heating Value: The heating value of the natural gas which Company receives from its suppliers may vary. Accordingly, from time to time, adjustments in the form of a gas measurement factor may be necessary as specified in the provisions of the various contracts.

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards

1. Meter: The gas delivered by Company to the customer shall be measured by an adequate meter of standard type, installed, operated and maintained by Company.

2. Location: The town plant customer will provide a place on the customer's premises at no cost to the Company for location of the meter. The location of a previously set meter may be changed by the Company at the request of the customer. The expense of the change shall be paid by the customer.

   (a) Domestic and Small Volume Commercial - Meters will be set and maintained on the customer's premises at a location mutually acceptable to both the Company and the customer after giving due consideration to safety, accessibility for meter reading, prudent investment of materials and the prevailing practice in the community. Alternative locations must be approved by the Company.

   (b) Large Volume and/or Industrial - Meters will be set at customer's property line nearest the gas main whenever possible. Alternative locations must be approved by Company.

3. Access: The Company's authorized agents shall have access to the Company's meters and pipes at all reasonable times for the purpose of inspection, maintenance, connect, disconnect, leak detection, meter turn off and to ascertain the quantity of gas consumed or registered.

4. Testing: Company shall test its meters at reasonable intervals and shall at the time of the test adjust the meter to record accurately.

5. Customer Requested Meter Test: Upon request, the Company shall make a test of the meter serving a customer provided that such tests need not be made more frequently than once in 18 months. If the meter is found accurate under the provisions of 2. E. 6, the Company may charge the customer not to exceed thirty dollars (one hundred dollars for large volume equipment) or the actual cost of such test, whichever is less.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

5. Customer Requested Meter Test: (Continued)

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

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

6. Adjustment of Measurement Errors:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

6. Adjustment of Measurement Errors: (Continued)

(b) Slow Meters (Continued)

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

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

(c) Non-Registering Meters

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

F. Meter Reading:

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

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

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

3. COMPANY OWNED ITEMS:

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

4. STANDARDS FOR CUSTOMER-OWNED FUEL LINES:

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

A. Emergency Leak Calls. In the event of an Emergency Leak Call, Company will respond in accordance with the requirements of 49 C.F.R. Part 192.615. There will be no charge to the customer for such calls unless a leak or substandard pipes are found and the Company repairs such at the customer's request. In such cases, the provisions under "Emergency Service Disconnection" would apply.

B. Inspections. In response to either a non-emergency request from the customer for an inspection of the fuel lines or a request from the Minnesota Office of Pipeline Safety for a routine inspection, Company will perform tests in accordance with the National Fuel Gas Code, Company standards and local codes and regulations pertaining to natural gas piping. Testing may include, but shall not be limited to, leak detection tests conducted in and around the customer's residence and "shut-in tests" which involves isolating the section of fuel line from the meter set at the sales point to the customer's line. Non-emergency tests which are conducted at the request of the customer will be at the customer's expense. If an inspection results in the detection of a leak or pipe which is below the code specification, the provisions under "Emergency Service Disconnection" would apply.

C. Emergency Service Disconnection. If an inspection or a response to an Emergency Leak Call detects a leaking fuel line or a line failing to meet code standards, Company is obligated to "red tag" the meter and prevent any gas from following until customer has ensured that the necessary repairs have been made to reinstate the system into compliance with the safety specifications set out in the National Fuel Gas Code. Customers who choose MERC to provide repair service will pay separately for the service. If immediate replacement or repair is impossible the customer may elect, at the customer's expense, to convert to an alternative source of fuel.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

5. WASTAGE OF GAS

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

6. TEMPORARY SERVICE

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT

A. Assurance of Payment

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

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

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

B. Guarantees In Lieu of Deposits

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

C. Amount of Deposit to be Required and Interest Paid

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

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

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

The customer may pay deposits in installments.

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

D. Deposit Records and Receipts

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

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

(1) Name of customer.

(2) Place of deposit.

(3) Date of deposit.

(4) Amount of deposit.

(5) Company name and address, signature and title of Company employee receiving deposit.

(6) Current annual interest rate earned on deposit.

(7) Statement of the terms and conditions governing the use, retention and return of deposits.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

E. Deposit Transfers

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

F. Refund of Deposit

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

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

G. Credit Reports

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

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

## 8. BILLING AND PAYMENT

### A. Information on Billing Statements

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

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

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

### B. Billing Periods

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

B. Billing Periods (Continued)

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

C. Billing Errors

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

C. Billing Errors (Continued)

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

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

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

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

E. Late Payment Charge

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

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

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

F. Excise Taxes

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

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

The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days' notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of, or change in, the fee.

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Late Payment Charge

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

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

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

G. Excise Taxes

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

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

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

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

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

*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

**Bemidji**
There shall be added to each customer's monthly natural gas bill a City of Bemidji Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Bemidji, which is currently 5.0% of the gross revenues received from each customer. The fee is listed on the bill as "Franchise fee-Bemidji."

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

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

~~**Hermantown**There shall be added to each customer's monthly natural gas bill a City of Hermantown Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Hermantown, which is currently a flat fee of $2.00 per month for each residential meter and $2.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Hermantown.~~**Hayfield**
There shall be added to each customer's monthly natural gas bill a City of Hayfield Franchise Fee assessment. The amount of the fee to be assessed shall be equal to that imposed on the Company by the City of Hayfield, which is currently a flat fee of $2.00 per month per customer. The fee is listed on the bill as "Franchise Fee—Hayfield."

**Hermantown**
There shall be added to each customer's monthly natural gas bill a City of Hermantown Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Hermantown, which is currently a flat fee of $2.00 per month for each residential meter and $2.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Hermantown."

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

~~**Lakefield**~~

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

Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

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

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

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

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

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

**Ortonville**
There shall be added to each customer's monthly natural gas bill a City of Ortonville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Ortonville, which is currently a flat fee of $1.50 per meter plus a volumetric fee of $0.013 per 100 cubic feet of gas, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates.
The fee is listed on the bill as "Franchise fee-Ortonville."

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

~~"Franchise fee-Park Rapi~~**Plainview**
~~There shall be added to each customer's monthly natural gas bill a City of Plainview Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Plainview, which is currently a flat fee of $0.50 plus a volumetric fee of $0.01 per therm for residential, firm commercial, and industrial customers and $0.005 per therm for interruptible commercial customers. The fee is listed on the bill as "Franchise fee-Plainv~~**Roseau**
~~There shall be added to each customer's monthly natural gas bill a City of Roseau Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Roseau, which is currently a volumetric fee of $0.01122 per therm. The fee is listed on the bill as "Franchise fee-Roseau."~~**St. Charles**
~~There shall be added to each customer's monthly natural gas bill a City of St. Charles Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of St. Charles, which is currently a flat fee of $1.00. The fee is listed on the bill as "Franchise fee-St. Charles."~~

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

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

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

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

**Silver Bay**

There shall be added to each customer's monthly natural gas bill a City of Silver Bay Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Silver Bay, which is currently a flat fee of $3.00 per month for each residential meter and $3.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Silver Bay."

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

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

~~There shall be added to each customer's monthly natural gas bill a City of Thief River Falls Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal~~

~~to that imposed on the Company by the City of Thief River Falls, which is currently a flat fee of $1.00 plus a volumetric fee of $0.006 per therm. The fee is listed on the bill as "Franchise fee-Thief River Falls."~~

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

~~**Wells**~~
~~There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of $2,00 for residential customers, $2.00 for commercial firm customers, $30.00 for commercial interruptible customers, $2.00 for industrial firm customers, $30.00 for industrial interruptible customers, and $2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells."~~

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

**Thief River Falls**

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

**Wadena**

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

**Wells**

There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of $2,00 for residential customers, $2.00 for commercial firm customers, $30.00 for commercial interruptible customers, $2.00 for industrial firm customers, $30.00 for industrial interruptible customers, and $2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells."

**Worthington**

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

G. Returned Check Fee

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

H. Payment Agreement

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE

A. Disconnection of Service - Permissible Reasons

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

1. Nonpayment of Bill:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service – Permissible Reasons (Continued)

2. Failure to Meet Deposit and Credit Requirements:

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

3. Non-Compliance with Rules and Regulations:

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

4. Breach of the Contract:

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

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

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

6. Dangerous Conditions Found on Customer's Premises:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

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

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

7. Failure to Provide Access:

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

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

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

9. Customer Request for Discontinuance of Service:

(a) Permanent Disconnection:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

9. Customer Request for Discontinuance of Service (Continued)

(b) Temporary Disconnection:

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

10. Disconnection Without Notice:

Without notice a utility may disconnect service to any customer for any reason stated below:
A. in the event of an unauthorized use of or tampering with the utility's equipment; or
B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, or to the public.

11. Reselling or Redistribution of Service:

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

12. Fraudulent Use of Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

12. Fraudulent Use of Service (Continued)

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

13. Disregard of Curtailment Orders:

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

14. Compliance with Request from Governmental Authority Having Jurisdiction:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

B. Non-Permissible Reasons to Disconnect Service:

1. Delinquency by Previous Occupant:

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

2. Failure to Pay for Merchandise, etc:

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

3. Failure to Pay - Different Class of Service:

Failure to pay for a different class of service.

4. Failure to Pay - Another Meter:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

C. Landlord - Tenant Rule:

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

1. Where it is feasible to so provide service, the Company, after providing notice as required in these Rules, shall offer the occupant the opportunity to subscribe for service in her or his own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the Rules.

2. Company shall not attempt to recover from a tenant, or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

D. Disconnection During Cold Weather:

1. Scope: This section applies only to the Company's residential customers.

2. Definitions: The following definitions apply in this section.

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

"Customer" means a residential customer of the Company.

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

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

"Reasonably timely payment" means payment within five working days of agreed-upon due dates.

"Reconnection" means the restoration of utility heating service after it has been disconnected.

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

2. Definitions (Continued)

"Summary of rights and responsibilities" means a notice approved by the Minnesota Public Utilities Commission that contains, at a minimum, the following:

(a) an explanation of the provisions of Section VIII.9.D.5 and Minn. Stat. § 216B.096, subd. 5;

(b) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(c) a third-party notice;

(d) ways to avoid disconnection;

(e) information regarding payment agreements;

(f) an explanation of the customer's right to appeal a determination of income by the Company and the right to appeal if the Company and the customer cannot arrive at a mutually acceptable payment agreement; and

(g) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the Company.

"Third-party notice" means a notice approved by the Minnesota Public Utilities Commission containing, at a minimum, the following information:

(a) a statement that the Company will send a copy of any future notice of proposed disconnection of Company service to a third party designated by the residential customer;

(b) instructions on how to request this service; and

(c) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the Company with the party's name.

"Company" means MERC.

"Utility heating service" means natural gas used as a primary heating source for the customer's primary residence.

"Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

3. Company Obligations Before Cold Weather Period
Each year, between September 1 and October 15, the Company must provide all customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

4. Notice Before Disconnection During Cold Weather Period
Before disconnecting utility heating service during the cold weather period, the Company must provide, personally or by first class mail, a Minnesota Public Utilities Commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

5. Cold Weather Rule
During the cold weather period, the Company may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the Company.

The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

6. Verification of Income
In verifying a customer's household income, the Company may:

(a) accept the signed statement of a customer that the customer is income eligible;

(b) obtain income verification from a local energy assistance provider or a government agency;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

6. Verification of Income (Continued)

(c) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(v) other documentation that supports the customer's declaration of income eligibility.

A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

7. Prohibitions and requirements
This section applies during the cold weather period.

The Company may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the Minnesota Public Utilities Commission under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8.

A utility may not disconnect service during the following periods:

(a) during the pendency of any appeal under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8;

(b) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to a customer in an occupied dwelling;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

7. Prohibitions and Requirements (Continued)

(c) earlier than ten working days after the Company has deposited in first class mail the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to the recorded billing address of the customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(d) on a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(e) on a Saturday, Sunday, holiday, or the day before a holiday;

(f) when the Company offices are closed;

(g) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(h) when the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during nonbusiness hours. If personal contact is made, the Company representative must provide notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

The Company must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the Minnesota Public Utilities Commission because the customer and the utility are unable to agree on a payment agreement.

8. Disputes; Customer Appeals
The Company must provide the customer and any designated third party with a Minnesota Public Utilities Commission-approved written notice of the right to appeal:

(a) a Company determination that the customer's household income is more than 50 percent of state median household income; or

(b) when the Company and customer are unable to agree on the establishment or modification of a payment agreement.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

8. Disputes; Customer Appeals (Continued)

A customer's appeal must be filed with the Minnesota Public Utilities Commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.

Notwithstanding any other law, following an appeals decision adverse to the customer, the Company may not disconnect utility heating service for seven working days after the Company has personally served a disconnection notice, or for ten working days after the Company has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

9. Customers Above 50 Percent of State Median Income
During the cold weather period, a customer whose household income is above 50 percent of state median income:

(a) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(b) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by the Company.

The second sentence in Section VIII.9.D.7 does not apply to customers whose household income is above 50 percent of state median income.

10. Reporting
Annually on November 1, the Company must electronically file with the Minnesota Public Utilities Commission a report, in a format specified by the Minnesota Public Utilities Commission, specifying the number of the Company's heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, the Company must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of the Company's heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of the Company's heating service customers that are reconnected to service each week. The Company may discontinue weekly reporting if the number of the Company's heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

10. Reporting (Continued)

The data reported under this section and Minn. Stat. § 216B.096, subd. 10 are presumed to be accurate upon submission and must be made available through the Minnesota Public Utilities Commission's electronic filing system.

E. Notice to Cities of Utility Disconnection
Notwithstanding Minn. Stat. § 13.685 or any other law or administrative rule to the contrary, upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, the Company will make a report available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, the Company will make daily reports available of the address and date of any newly disconnected properties.

For the purpose of this section, "disconnection" means a cessation of services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.

F. Medical Emergencies
The Company shall reconnect or continue service to a customer's residence where a medical emergency exists, provided that the Company receives: (1) written certification, or initial certification by telephone and written certification within five business days, from a medical doctor that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household; and (2) the customer's consent to a payment arrangement for the amount in arrears.

10. NOTICES: OTHER TIME REQUIREMENTS

A. Where required, all notices required by these Rules of impending action by the Company shall be by First Class Mail. Notice shall be sent to the address where service is rendered and to the address where the bill is sent if different from the address where service is rendered. A Company representative will make an affidavit under oath that he deposited in the mail the notice properly addressed to the customer.

B. All notices required by these Rules must precede the action to be taken by at least five (5) days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs, presently exists.

C. In lieu of mailing, notices may be delivered by a representative of the Company. They must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer's family of a responsible age or affirmed in writing by the representative of the Company that delivery was attempted in good faith.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

10. NOTICES: OTHER TIME REQUIREMENTS (Continued)

D. A record of all notices required by these Rules must be kept on file by the Company and must be available to the Commission.

E. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal easy-to-understand language.

11. MANNER OF DISCONNECTION WHERE NOTICE IS REQUIRED

A. Service may be disconnected only in conjunction with a personal visit by a Company representative to the address where the service is rendered and an attempt to make personal contact with the customer at the address. If the address is a building containing two or more dwelling units, the representative shall make a personal visit to the door of the customer's dwelling unit within the building. If security provisions in the building preclude free access on the part of the representative, the representative shall attempt to gain access to the building from the caretaker, for the purpose of attempting to make personal contact with the customer.

B. The representative of the Company shall, at all times, be capable of receiving payment other than cash, if nonpayment is the cause of the disconnection of service. If the disconnection or suspension be for cause other than nonpayment, the representative shall be able to certify that the cause has been remedied by the customer.

12. RECONNECTION FEE

In the event service has been disconnected because customer could not pay the bill or meet deposit or credit requirements, the customer shall pay a reconnect fee of thirty ($30.00) dollars in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. Reconnection outside of normal business hours shall be calculated at a premium charge, consistent with current overtime rates, with a maximum reconnect fee of $45.
**EXCEPTION**: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.3, 7, 8, 9, or 14, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of $30.00 in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.4, 5, 10, 11, 12, or 13, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of $100.00, plus the costs of disconnection and reconnection incurred by the Company, in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored.

The customer will not be required to pay a reconnection fee when the disconnection was because of a condition determined to be hazardous to the customer, other customers of the Company, to the Company's equipment, or to the public.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES

Whenever the customer advises the Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the services is in dispute, the Company shall:

A. Investigate the dispute promptly.

B. Advise customer of investigation and its result.

C. Attempt to resolve dispute.

D. Withhold discontinuation of service until the investigation is completed and the customer is informed of the findings in writing.

E. Upon the findings of the Company, the customer must submit payment in full of any bill which is due.

F. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to the Company. Such payment shall be called an "escrow payment".

G. Escrow Payments:

1. To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an "escrow payment form", clearly marked and provided by the Company.

2. The "escrow payment form" must provide space for the customer to explain why the Company's resolution of the dispute is unsatisfactory to the customer. The form must be in three (3) copies, one of which will be retained by the customer.

3. A copy of the "escrow payment form" must be forwarded by the customer to the Public Utilities Commission.

4. Any escrow payment to the Company may be applied by the Company as any normal payment received by the Company.

5. After escrow payment has been made, the customer and the Company may still resolve the dispute to their mutual satisfaction.

6. By submitting the "escrow payment form" to the Commission, a customer is deemed to have filed an informal complaint against Company pursuant to the Commission's Rules.

7. Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by an 8 percent per annum interest charge from the date of payment to the date returned by the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES (Continued)

H. The customer may apply to the Company to waive its right to disconnect. If the Company refuses to waive its right to disconnect, the customer may apply to the Commission for emergency status. If the Commission determines the customer has a probable claim in the dispute and that hardship may result in the event of discontinuation of service, it may declare an emergency status to exist and order the Company to continue service for a period not to exceed thirty (30) days.

I. Notwithstanding any other Rule herein to the contrary, Company shall not be obligated to suspend discontinuance of service upon the filing for review with the Commission, unless the customer shall pay, when due, all current bills due while the review is pending. If, following the first filing for review, the Commission, the same customer or any other person, files for any subsequent review by the Commission pertaining to the same account, such subsequent filings shall not relieve customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing, shall be considered to be made into escrow.

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC

A. Customer Complaint Procedure:

Company shall attempt to resolve all customer inquiries, requests and complaints during regular business hours.

If any complaint cannot be promptly resolved, the Company shall contact the customer within five (5) business days and at least once every fourteen (14) calendar days thereafter, and advise the customer regarding the status of the investigation until:

1. The complaint is mutually resolved; or

2. Company advises customer of the results of its investigation and final disposition of the matter; or

3. Customer files a written complaint with the Public Utilities Commission or the courts.

When the Minnesota Public Utilities Commission forwards a customer complaint to the Company, the Company shall notify the Commission within ten (10) business days regarding the status or disposition of the complaint.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC (Continued)

B. Customer Information - Assistance of Company Agent:

The Company will offer to each new customer and make available to existing customers a Consumer Information Booklet which will provide a summary of the rules and regulations under which Company provides service and which will comply with the requirements of Minn. R. 7820.0200.

A complete set of these Rules and Regulations, as well as the Rate Schedules relating to the town border service of the Company are set forth in Company's Tariff. A copy of Company's Tariff as filed with and approved by the Minnesota Public Utilities Commission is available for inspection at the various offices of the Company where applications for service are received.

A customer will have access to its own billing, complaint, payment and deposit records and the Company will furnish additional information as the customer or applicant may reasonably request.

Upon request, the Company's agent in charge will assist any interested party in procuring information with reference thereto as may be desired. Where the Company's rate schedules provide optional rates for the same character of service, the customer shall select the rate schedule under which he elects to be billed and agrees to take service there under for a period of not less than one year. The Company will assist any customer or prospective customer to apply the Company's rate schedule, General Rules, Regulations, Terms and Conditions, and where optional schedules are available will advise such customer or prospective customer upon request as to the schedule appearing, upon information then available, to be most advantageous to the customer for the character of service to be taken.

C. Compliance with Rate Schedules:

In order to secure the benefit of any rate schedule, customer must use service for the purposes and in accordance with conditions specified in the schedule for such rate. A customer using service for purposes not permitted in rate schedule specified in service application shall be required to execute a new service application referring to the proper rate schedule. Company reserves the right to rebill for service rendered under the rate schedule applicable thereto for the period during which such service was in effect.

D. Oral Agreements:

Agents of the Company are not authorized to bind the Company except by a duly executed written instrument.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC (Continued)

E. Customer Service Practice:

The Company makes every possible effort to maintain its natural gas delivery system in good operating condition and adheres to published codes that customer appliances are manufactured under approved safety standards for safe, reliable operations at all times. A staff of qualified service personnel is maintained by the Company to perform those services necessary to enforce this policy. The service department operates on a five-day week, Monday through Friday, normal business hours except holidays. Emergency service is available on a 24-hour per day basis at all other times. Services consist of two groups; work for which no charge is made to the customer, and work for which costs are charged to the customer on a time and material basis, as follows:

1. Services on Customer Premises at no Charge – With the exception of those services performed to reconnect customers who have been disconnected for non-payment of utility bills, no charge is made for the following:

   a) Turning on the natural gas supply for customers moving to premises served with gas.
   b) Turning off the natural gas supply for customers moving from premises served with gas.
   c) Repairing or replacing Company-owned equipment on customers' premises, including the meter, house regulator or piping associated thereto.
   d) Inspecting and investigating potentially hazardous gas supply conditions on customers' premises.

2. Chargeable Services on Customer Premises – All other services on the customer's premises are chargeable to the customer. This includes such items as lighting pilots; adjusting appliances; changes, modifications and repair of house piping and service lines; repair or replacement of controls and other appliance parts; and cleaning and inspecting customer owned gas burning devices for malfunctions.

F. Account History Charge

If an authorized party requests the Company to provide 12 months or more of usage history for a non-Residential customer, the Company shall charge the authorized requesting party a fee of $30 per account for providing the information.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

15. INFORMATION FROM CUSTOMERS

A. Defective Equipment:

In case gas is found by customer to be escaping from any pipes or equipment in or about the customer's premises, the customer shall notify the Company immediately. Defective appliances shall be disconnected at once and properly repaired before using again. In case of interruption of service, customer shall notify the Company immediately.

B. Gas Load Analysis Data:

Each customer, upon request, shall furnish Company such reasonable data, as, in Company's judgment, is necessary for the proper analysis of the gas load requirements of the customer.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY

A. Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to customers. The following priorities will be followed when operational and supply conditions require service interruptions with highest priorities listed first:

1. General Service Customers.
2. Small Volume Firm.
3. Large Volume Firm.
4. Small Volume Interruptible.
5. Large Volume Interruptible.

B. Curtailment of Service to Interruptible Customers

1. Standard Order of Curtailment: When in the opinion of the Company it becomes necessary to curtail or interrupt service to any of the Company's Interruptible Customers, such service shall be interrupted in the following order to protect deliveries to General Service Customers:

First: Large Volume Interruptible Customers.
Second: Small Volume Interruptible Customers.

Company must comply with curtailment plans, orders, definitions and classifications as set out in Federal Energy Regulatory Commission Gas tariffs of wholesale pipeline suppliers and in the rules and orders of regulatory or governmental bodies having jurisdiction.

2. Partial Curtailment: Where curtailment of only part of the deliveries of gas under similar interruptible classification is necessary, all customers under such classification will over a reasonable period of time, be treated alike so far as practicable.

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: In the event an interruptible customer takes any volume of gas in excess of authorized limitations ordered by the Company, the customer shall be billed an overrun deterrent and liquidated damages charge. Such charge shall be that amount set out in the rate schedule or contract and will be in addition to the normal rate for volumes consumed. The only exceptions shall be when the volumes were taken because of a force majeure operating situation of the customer as defined in his contract or rate schedule.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailment of Service to Interruptible Customers (Continued)

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: (Continued)

The customer, in addition to taking all possible steps to stop such unauthorized takes of gas shall notify Company at once by phone or wire whenever a force majeure situation arises as a result of which the customer proposes to request waiver of the unauthorized overrun deterrent and liquidated damages charges, and shall furnish proof in writing satisfactory to Company, that such unauthorized gas volume takes were the direct result of such force majeure situation.

C. Emergency Repairs

The Company reserves the right to shut off gas at any time when such action is necessary for the purpose of making repairs or in case of any emergency. In such case, Company shall make every reasonable effort to restore service at the earliest practical moment. Any interruption of service will not relieve customer from any charges for service which has actually been rendered.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

17. TITLE

The Company warrants the title to the natural gas delivered and that it has good right and lawful authority to sell the same.

18. LIABILITY OF PARTIES

Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company and the customer each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party. Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company will use reasonable care to provide an uninterrupted and regular supply of service, and the Company shall not be liable for any losses, injuries or damages resulting from any interruption, disturbance, deficiency or imperfection of service unless and to the extent they are due to wilful misconduct or gross negligence on its part. In no event shall the Company be liable for any loss of profits or other consequential damages resulting from the use of service or from an interruption, disturbance, deficiency or imperfection of service.

The Company shall not be liable to the customer for its failure to deliver gas and the customer shall not be liable to the Company for its failure to receive gas when such failure on the part of either shall be due to accident to or breakage of pipelines, machinery or equipment, fires, floods, storms, weather conditions, strikes, riots, legal interferences, act of God or public enemy, shutdowns for necessary repairs and maintenance, failure or curtailment of gas supply or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that if the customer fails to take and receive gas made available for delivery by Company, customer shall nonetheless be charged the minimum bill as provided for and defined in the Commission approved rate schedule under which customer is served. The Company shall not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through the Company's meter herein defined as "point of delivery," nor for defects in the customer's piping or appliances. Neither shall the Company be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source, curtailments or reallocations by regulatory authorities with jurisdiction, or the inability to maintain capacity to meet gas requirements hereunder at the time.

It is the customer's responsibility to provide and maintain in good working order all pipes and valves to take the gas from the said meter, and all equipment used in the burning of the said gas, and shall also provide and maintain in good working order all vents necessary to efficiently take all gas fumes (including unburned gas, if any) to the outside air.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

19. GOVERNMENTAL ACTION AND AUTHORITY:

A. Regulatory Action

The purchase and sale of gas by the Company is subject to all valid legislation with respect thereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. The Company reserves the right to make and to file with any and all duly constituted authorities having jurisdiction, changes in terms and conditions of service or new terms and conditions including, but not limited to, changes in rates or new rates.

The Company shall permit the staff of duly constituted authorities having jurisdiction to inspect during regular business hours, all of the Company's operations and records relating to customer service in Minnesota.

B. War and National Defense

During any period in which a state of war exists between the Untied States and any foreign power, both customer and the Company shall recognize that the national defense is paramount to any contractual obligations then existing between them and notwithstanding the provisions of any such contract, neither shall assert, nor be required to assume, any obligation which is inconsistent with or contrary to any governmental policy, rule, regulation or order made, issued or promulgated in the promotion thereof.

20. ALTERATIONS OF RULES AND REGULATIONS

No agent or employee has the right to modify or alter the application, rates, terms and conditions of these rules and regulations or the tariff of which they comprise a part or to make any promises or representations not contained herein or in supplements and revisions hereto, except by following the regular procedures for tariff changes as specified by the Minnesota Department of Commerce.

# EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Designation 9.A.3 of these Rules and Regulations.

(a) New residential service except as exempted in A.2 below.

(b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.

(c) Commercial service, new and expanded requirements except as exempted in A.2 below.

(d) Industrial service - new and expanded requirements.

2. Applications for natural gas service are not required for:

(a) Additions to base load appliances for clothes drying, water heating and cooking.

(b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.

3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.

4. All applications will be reviewed by Company's management and shall be processed in the following manner:

(a) Approved.

(b) Denied.

(c) Retained for future use, subject to cancellation by applicant.

5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will be Considered for Attachment

1. New Service:

(a) Residential Customers Based on the Following Conditions:

(i) Natural gas will be used for approved residential purposes in a single family and/or multifamily dwelling when individually metered, or master metered dwelling units where either a) or b) below prevent individual metering of service.

a) Gas is used in centralized heating, cooling, water heating or ventilation units.

b) Where individual metering is impractical, unreasonable, or uneconomical.

(ii) If an alternate form of energy other than solar is used for heating, it must provide 100% of peak day heating requirements.

(iii) Application approvals will be based on the date of pending applications, providing the above conditions are met and appropriate certifications are provided by owner.

(b) Firm Commercial and Industrial Service Based on the Following Conditions:

(i) Natural gas will be used for approved commercial and industrial purposes. This excludes gas used for irrigation, alfalfa dehydration and grain drying.

(ii) Customer's total requirement must be less than 200 dekatherms on a peak day.

(iii) If an alternate form of energy other than solar is used, it must provide 100% of peak day heating requirement.

(iv) Customer must comply with heat loss or insulation standards established by Federal or State mandate or as Company may establish in its tariff.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(c) Interruptible Service Based on the Following Conditions:

(i) Company determines that the anticipated revenue from the new load is sufficient to prevent undue burden on existing ratepayers and conditions justify such service.

(ii) Load to be connected must not be prohibited by the connection policy of the pipeline supplier or be in violation of any end use standards promulgated by State or Federal agencies.

(iii) Applicants for service must agree to comply with all provisions of the service line extension policy described in Section IX.2 of this tariff.

(d) Rural and Agricultural service to Right-of-Way Grantors in accordance with easement agreements executed with the supplier under the following conditions:

(i) Applications for service must refer to and be based upon an easement clause which grants a right to a tap on the pipeline constructed pursuant to the easement.

(ii) Applicant must be the Grantor of the easement, or his successor or assignee.

(iii) The pipeline tap must be on a part of the property described in the easement.

(iv) The right to the tap set forth in the easement may not have been previously exercised.

(v) The volume of gas to be delivered through the tap may not exceed the smaller of the capacity of the initially installed small volume meter or the limits established by the wholesale supplier for small volume users.

(vi) Supplier must obtain requisite regulatory authority to make the sale.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(vii) Gas delivered through the tap will not be resold to others by the Applicant or any of his successors.

(viii) Gas delivered will not be used for such commercial services as grain drying.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES

A. Residential Stand-Alone Service Extensions

For residential services added in an existing service area where no main extension is required and no prior feasibility study included the proposed service line, Company will, without requiring a contribution in aid of construction, provide 75 feet of service line to a permanent structure using gas for primary space heating, as measured from the customer's property line and subject to Company operating standards. Service line extensions beyond 75 feet will require a contribution in aid of construction, which shall be determined based on the incremental cost of the additional footage, not to exceed $5.00 per foot.

For residential service extensions to a structure that does not use gas for primary space heating, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

(a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and

(b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

B. Service Extensions

For residential customers where both a main and service extension is required and for all extensions to serve commercial and industrial customers, regardless of whether a main extension is involved, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction. At its option, the Company may recover the amount of the contribution in aid of construction from the developer or directly from the customer. When longer than typical service lines are omitted from the feasibility study for a particular development, the Company shall determine the contribution in aid of construction for the individual, longer service lines based on the incremental cost of the additional footage in excess of the typical footage used in the study for that development and shall recover the contribution in aid of construction from the individual customer served by the longer service line.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

(a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and

(b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

C. Feasibility of Mains and Services

In determining whether the expenditure is economically feasible, the Company shall take into consideration the total cost of serving the applicant including, but not limited to, the total investment, including mains and service related investment, the annual volume of gas to be sold, operating and maintaining expenses, margin, the acceptable level of return on the required investment, and potential for additional sales through the new facility. The specific uniform factors used by the Company in conducting its feasibility analysis along with a description of the current feasibility model are contained as an exhibit to the General Rules, Regulations, Terms and Conditions portion of this tariff. The Company will not use other uniform factors or change the feasibility model without filing an amended exhibit. Company will apply the general principal that the rendering of service to the applicant shall not result in undue burden on the other customer. If a contribution in aid of construction is required, it will be based on the results of the feasibility model.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charge

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by November 31 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, the anticipated winter construction charges will be included in determining the feasibility and any necessary contribution in aid of construction. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes.

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Included within the base winter construction charge and the frost charge are the use of any thawing devices or other equipment required to install as needed.

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s). Current winter construction charges are as follows:

- Winter Construction Charge: $5.28 (7 County Metro), $4.76 (out-state) per lineal foot;
- Frost Charge: $5.81 (7 County Metro), $5.55 (out-state) per lineal foot.

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a one time charge of $264.03 regardless of the number of thawing devices required.

E. Extension of Mains - Limitations

The Company reserves the right to refuse to install its facilities in or to any lot, tract or area if in the Company's judgment it is not economically feasible per the tariffed feasibility models, is not safe for the Company's personnel, the customer, or the general public, or the lot, tract, or area is located remotely from the Company's other general service areas such that effective service, operations, or emergency response capabilities are impacted.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

F. Title To Facilities

Title to all facilities herein provided for, together with all necessary right-of-way, permits and easements shall be and remain in the Company. As a condition of receiving service, the customer shall grant to the Company, without cost, all rights-of-way, easements, permits and privileges which are necessary for the rendering of gas service.

G. Exhibits

Exhibit For Main and Service Extension Feasibility Model

The Company has developed the following feasibility model to be used to determine if a contribution in aid of construction is required by the customer. Economic feasibility is determined by a combination of 10-year Net Present Value (NPV) and 5-year Return On Equity (ROE) calculations.

The following provides a sample of the model the Company will use in conducting its feasibility study, when one is required pursuant to Section IX.2 of its tariff, including a description of the project-specific inputs required, the current applicable rates used in the calculations and the outputs generated. A copy of the feasibility study actually conducted for a project will be retained by the Company in the corresponding job file.

Input Screen:

Line 3: Project Name: Enter the project name.

Line 8: Projected Number of Incremental Residential Customers – Enter the incremental number of residential customers projected for each year of the project. (To be determined by Sales or Operations personnel based on past experience with developer, geographic location, economy, etc.).

Line 9: Total Residential Customers Per Project – Calculated by model.

Line 10: Per Average Residential Customer Dekatherm Usage – Enter the average annual usage per residential customer. (To be determined annually based on recent history of weather normalized consumption data).

Line 11: Margin Per Dekatherm – Current distribution charge for residential customers as specified by tariff.

Line 12: Monthly Residential Customer Charge – Current monthly customer charge for residential customers as specified by tariff.

Line 15: Enter YES if model is being used to analyze a single Commercial/Industrial customer with escalating usage over time.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 16: Projected Number of Incremental Commercial/Industrial Customers – Enter the incremental number of Commercial/Industrial customers projected for each year of the project. (To be determined by Sales or Operations personnel based on input from prospective customer(s), geographic location, economy, etc.).

Line 17: Total Commercial/Industrial Customers Per Project – Calculated by model.

Line 18: Per Average Commercial/Industrial Customer Dekatherm Usage – Enter the average annual usage per Commercial/Industrial customer.

Line 19: Margin Per Dekatherm – Current distribution charge for Commercial/Industrial customers as specified by tariff.

Line 20: Monthly Commercial/Industrial Customer Charge – Current monthly customer charge for Commercial/Industrial customers as specified by tariff.

Line 24: From Customer Estimate Form: Capital investment carried forward from electronic Customer Estimate Form if used.

Line 26: Infrastructure Cost – Mains – Enter the estimated infrastructure costs for mains. (As calculated by Operations/Engineering personnel).

Line 27: Cost Per Residential Customer – Services – Enter the estimated average cost per residential service associated with the project. (As calculated by Operations/Engineering personnel based on historic information and/or information provided by developer).

Line 28: Cost Per Commercial/Industrial Service – Services - Enter the estimated average cost per Commercial/Industrial service associated with the project. (As calculated by Operations/Engineering personnel based on historic information).

Line 29: Customer Contribution (if required) – Customer contribution required, calculated by the model on Line 69.

Line 33: Cost Per Residential Customer – Other – Enter any extraordinary costs associated with residential customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 34: Cost Per Commercial/Industrial Service – Other - Enter any extraordinary costs associated with Commercial/Industrial customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Line 36: Customer Acquisition Costs – Direct "Fixed" - Enter any extraordinary costs associated with the project that are non-customer specific. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Output Screen:

The Output Screen contains calculations from the Input Screen and Support Screen.
Line 45: Projected Margins From Residential Customers: (margin/dekatherms x accumulated residential usage volume) + (monthly customer charge x accumulated number of residential customers x 12 months).

Line 46: Projected Margins From Commercial/Industrial Customers: (margin/dekatherms x accumulated Commercial/Industrial usage volume) + (monthly customer charge x accumulated number of Commercial/Industrial customers x 12 months).

Line 47: Total Margins From Project: Projected Margins From Residential Customers + Projected Margins From Commercial/Industrial Customers.

Line 51: Total Incremental Investment By Year: Estimated main cost, Line 26 + (projected number of residential customers, Line 8 x estimated cost per residential service, Line 27) + (projected number of Commercial/Industrial services, Line 16 x estimated cost per Commercial/Industrial service, Line 28) + customer contribution, Line 69.

Line 52: Total Net Project Investment: Sum of all annual incremental investments.

Line 54: Total Other Costs Incurred (Variable & Fixed): Customer acquisition costs, Line 36 (direct fixed) + Line 33 (variable residential customer) + Line 34 (variable Commercial/Industrial customer).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 59: Net Present Value (NPV) @ 10 Years with Residual: Must be > 0 to be acceptable. The NPV is the derivation of the net cash flows from Line 103 for the first ten years of the project discounted by the rate found on Line 79 (8.15%).

Line 60: Net Present Value @ 10 Years without Residual: Net present value @ 10 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 61: Net Present Value @ 20 Years without Residual: Net present value @ 20 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 63: Average R.O.E. @ 5 years: Average return on equity at 5 years. Must be greater than 11.5% to be acceptable. The numerator (Net Income) per Line 116 is the simple sum of the net income from the first five years of the project divided into the denominator (Average Common Equity) per Line 110 which is the simple sum of the average common equity for the first five years of the project.

Line 64: Average R.O.E. @ 10 years: Average return on equity at 10 years.

Line 67: This is the estimated Customer Contribution (calculated by the model) to close the gap between the calculated ROE for the project and the targeted ROE (11.5%) per Line 63. The formula for the estimated contribution is (E110)* (.115-H63)/E84 less (($N$79*(($E$82+$E$83+$E$86)/(1+$E$81)))/$E$84). This required contribution is calculated using the Goal Seek function (See Line 69). The required inputs are: Row 1) Set Cell input H67; Row 2) To Value, input "0"; and Row 3) by Changing Cell, input H69.

Line 69: Amount of Required Customer Contribution by Year Transferred to Input Screen (Line 29). Using a Microsoft/Excel software function (Goal Seek) the optimization of the project required contribution is calculated, that is the exact dollar amount, no more no less, to drive the project to the targeted ROE (11.5%) per Line 63. Typically the Customer Contribution will be collected in Year 1.

Line 73: Project Margins Allocated – Percentage of margins applied to incremental O&M and system/infrastructure costs (33%).

Line 74: Contract Length: Number of years used for calculations (30 years for residential).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Support Screen:

Line 79: Targeted Discount Rate: Current value = 8.15%. ((50% x 11.5%) + ((50% x 8%) x (1 – tax rate)) = 8.15%).

Line 80: Effective Income Tax Rate: Current value = 40.00%.

Line 81: Statutory Income Tax Rate: Current value = 40.00%.

Line 82: Selected Depreciation Rate: 3.33% (30 year estimated life, unless contract length specified).

Line 83: Property Tax/Insurance Rate: Current value = 2.00%.

Line 84: Equity as a Percent of Capital: Current value = 50%.

Line 85: Long Term Debt as a Percent of Capital: Current value = 50%.

Line 86: Weighted Cost of Long Term Debt @ 8%: Current value = 4.00%.

Line 87: Cash Carrying Charge (Property Tax - Income Tax - (Depreciation x Income Tax) = 0.133%.

Line 89: Accumulated Number of Residential Customers: Brought forward from Input Page, Line 8, and accumulated at year-end for each year of the first ten years of the project.

Line 90: Accumulated Residential Usage Volumes: The average use per residential customer is brought forward from Input Page, Line 10, multiplied by the Accumulated Number of Residential Customers per Line 89 to calculate the accumulated usage for each year of the first ten years of the project.

Line 92: Accumulated Number of Commercial/Industrial Customers: Brought forward from Input Page Line 16, and accumulated at year-end of each year of the first ten years of the project.

Line 93: Accumulated Commercial/Industrial Usage Volumes: The average use per customer is brought forward from Input Page, Line 18, multiplied by the Accumulated Number of Commercial Customers per Line 92 to calculate the accumulated usage for each year of the first ten years of the project.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 96: "Cash Flow" is a description line (No input).

Line 97: Contribution to System Customers: A rate of 33% per Line 73 x Projected Margins per Line 47.

Line 98: Income Tax on Net Margins: Effective income tax rate per Line 80 x (projected margins per Line 47 less the contribution to system per Line 97).

Line 99: Cash Incoming: Projected margins per Line 47 less the calculated contributions to system per Line 97 less the calculated income tax on net margins per Line 98.

Line 100: Income tax on customer acquisition costs: Effective income tax rate per Line 80 x total other costs incurred per Line 54.

Line 101: Net Cash Carrying Charges: Cash carrying charge per Line 87 x Projected running gross plant in service per Line 107.

Line 102: Cash Outgoing: Total cash investment by year per Line 51 + total other costs incurred per Line 54 less tax on customer acquisition costs per Line 100 + net cash carrying charges per Line 101.

Line 103: Cash Net of Project (with residual value in yr 10): Cash coming in per Line 99 less cash going out per Line 102. The residual value is assumed to be equal to the gross plant invested for the project less the accumulated depreciation reserve at the end of year 10.

Line 104: Cash Net of Project (without residual value): Cash net of project per Line 103 less the calculated residual value (Gross Plant in Service less Accumulated Depreciation Reserve at year 10.

Line 107: Projected Running Gross Plant in Service: Total investment by year brought forward from Input Page, Line 51.

Line 108: Projected Running Net Plant in Service: Projected running gross plant in service per Line 51 less (projected running gross plant in service per Line 51 x depreciation rate per Line 82). The ending year calculation becomes the beginning year amount for the following year.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 109: Projected Average Common Equity Balance: ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2) x equity as a % of capital, per Line 84.

Line 110: Projected Average Common Equity Balance First 5 Years: Sum of first 5 years of Line 109.

Line 111: Operating Book Income: Total margins from project per Line 47 less contribution to system per Line 97 less total other costs incurred per Line 54.

Line 112: Depreciation Expense: Depreciation rate per Line 82 x projected running gross plant in service per Line 107.

Line 113: Carrying Costs (Interest & Property Tax): (Property tax & insurance rate per Line 83 + weighted cost of long term debt per Line 86) x ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2).

Line 114: Statutory Income Tax: Statutory income tax rate per Line 81 x (operating book income per Line 111 less depreciation expense per Line 112 less carry costs per Line 113).

Line 115: Net Income Available for Shareholders: Operating book income per Line 111 less depreciation expense per Line 112 less carrying costs per Line 113 less statutory income tax per Line 114.

Line 116: Net Income Available for Shareholders First 5 Years: Sum of first 5 years of Line 115.

Line 117: Return on Equity: Net income available for shareholders per Line 116 / projected average common equity balance per Line 109.

Approval: Enter CIAC amount, name of person authorizing CIAC, and date authorized.

Comments: Describe all special or unusual situations connected to the project, the calculation of the feasibility, or the collection of the required CIAC. Also include any information used to determine the customer connection projection if different than the developer provided.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER

Availability:
Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:
All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:
As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes. The new area surcharge calculation includes the full life of all plant additions.

Method:
A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the cost of long-term debt authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero ($0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

1. The actual capital costs and projected remaining capital costs for the project,
2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

Term:
The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed fifteen (15) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:
The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of fifteen (15) years, whichever occurs first.

Revenue Requirements Model

Definitions:
All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

**Column/Description**

1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.

2) Year.

3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.

4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.

5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).

6) Average Net Plant: Average of Column 5.

7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).

9) Allowed Return: cost of long-term debt as determined in the Company's most recent general rate proceeding.

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.

11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.

12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-ofconstruction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.

13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).

14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the cost of long-term debt established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self supporting." That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

Surcharge Rider Rates:
A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

| **Ely Lake Project** | |
|---|---|
| Residential | $34.10 |
| Existing Small Commercial | $34.10 |

MINNESOTA ENERGY RESOURCES ™

Copies of the official tariff sheets are available at offices providing service under the tariffs, and at the governing state or national commission offices. The information available here attempts to be materially the same, but should there be any discrepancies, in all cases the official tariffs on file with the governing commission will hold over these documents.

**DOCUMENTS INCLUDED IN THIS FILE:**

**MERC**

# Minnesota Energy Resources Corporation
## JOINT AFFIDAVIT FOR FIRM TRANSPORTATION CUSTOMERS

**STATE OF** )
) **ss.**
**COUNTY OF )**

[Name of individual signing for Customer] , [position] , of [Customer name] ("Customer") and [name of individual signing for Marketer] , [position], of [Marketer name] ("Marketer"), being duly sworn according to law depose and state:

1. Customer and Marketer represent to Minnesota Energy Resources Corporation ("MERC" or "Company") that one or both of them have and will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company's natural gas distribution system in _______________ (Minnesota) to deliver on a firm basis all volumes of gas to Company for Customer's accounts identified on Exhibit "A" attached hereto.

2. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and Marketer are unable to deliver gas to Company's natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company in writing sent by facsimile to the following number: __________________.

3. Customer and Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney's fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.

4. This Affidavit shall be governed and construed in accordance with the laws of the State of Minnesota.

| **Marketer Name** | **Customer Name** |
|---|---|
| By:______________________________________ | By:________________________________ |
| Title:____________________________________ | Title:______________________________ |

Subscribed and sworn to before me this _________ day of _____________________ , 20___ by
___________________________ on behalf of ______________________________ (Customer) and
___________________________ on behalf of ______________________________ (Marketer).

________________________________________
Notary Public

My Commission Expires:_________________________________________

**Exhibit "A"**
**Customer Firm Accounts**

**SMALL VOLUME INTERRUPTIBLE**
**NATURAL GAS SALES AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and ___________________________ (“Customer”).

It is hereby agreed as follows:

1. **<u>Gas to be Sold.</u>** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas on an interruptible basis at the location and for the specific uses designated as follows: _____________________________________________________

2. **<u>Terms of Sale.</u>** Natural gas sold and delivered hereunder shall be furnished in accordance with Company’s rate schedule __________ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon demand directed to Company’s State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **<u>Interruptible Nature of Sale.</u>** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and its need to either shut down its gas utilization equipment~~s~~ or switch to an alternate energy supply by means off alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of $20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.

The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective on __________________, 20___, and shall continue in effect until ________________________, 20__, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Interruptible Service.** Customer agrees to take interruptible service for the period November 1 through October 31. Customer may not transfer to non-interruptible service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at PO Box 455, 2665 145th Street West, Rosemount, MN 55068-0455, and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Title of person to be notified:____________________________________

*Telephone Number:*______________________________________

*Address:*______________________________________________

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

"Company" "Customer"

Minnesota Energy Resources Corporation ("MERC")

| | |
|---|---|
| | ______________________________<br>*(print name)* |
| By:_______________________________________ | By:___________________________ |
| Title:_____________________________________ | Title:__________________________ |
| Date: _____________________________________ | Date:__________________________ |

**SMALL VOLUME TRANSPORTATION**
**SERVICE AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ________________________________________ ("Customer").

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer's gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such Customer is interrupted. At Company's request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations**: Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company's Gas Tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company's Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

3. **Charges**: Customer shall be responsible for and shall pay to Company the

following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110~~70~~.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time. |
| *Daily Firm Capacity Charge:* | If applicable, the amount is set forth in Customer's regular sales tariff schedule. |
| *Commodity Charge:* | All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.<br><br>Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule. |
| *Optional Services:* | The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:<br><br>Firm Backup Sales Service<br>Small Volume Balancing Service<br>Aggregation Service |

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (See Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation (“MERC”)<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **Regulatory Commission Authority**: The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledgement of Transportation Risks**: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company,

Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| **Minnesota Energy Resources Corporation ("MERC")** | **"Customer"** |
|---|---|
| | ______________________________ (print name) |
| By:______________________________ | By:______________________________ |
| Name:______________________________ | Name:______________________________ |
| Title:______________________________ | Title:______________________________ |

**SMALL VOLUME BALANCING**
**SERVICES AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________________ ("Customer").

WHEREAS, Customer and Company have entered into a Small Volume Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement.

2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company's tariff.

3. **MDQ Requirements; Penalties**. Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a "Critical Day" or "Operational Flow Order," Customer must, without notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow

Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in Sheet 6.09 of Company's Tariff for each dekatherm that Customer failed to deliver.

4. **Definitions**. Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company's Tariff. A "Critical Day", when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An "Operational Flow Order," when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.

5. **Fee.** Customer shall pay Company 7.0¢ per dekatherm transported by Customer on Company's system for this balancing service.

6. **Term**. The term of this Agreement shall commence _______________, 20___, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| "Company" | "Customer" |
| **Minnesota Energy Resources Corporation ("MERC")** | |
| By:_________________________________ | By:_________________________________ |
| Title:_______________________________ | Title:_______________________________ |

**ELECTION OF SMALL VOLUME BALANCING SERVICE**
**ADDENDUM TO**
**GAS TRANSPORTATION AGREEMENT**
**(MINNESOTA)**

This Addendum is made and entered into as of the _______ day of _________________, ______, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and _________________________________________________ ("Customer"), and provides for an election of a Small Volume Balancing Service.

WHEREAS, Company and Customer have entered into a Gas Transportation Agreement dated _______________, ______ (the "Agreement") and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. <u>Election of Company's Small Volume Balancing Service</u>

Customer may elect and agree to the Small Volume Balancing Service as set forth in Company's Gas Tariff, Sheet No. 6.08, on file with the Minnesota Public Service Commission, as indicated below:
_____ Customer elects to participate in Company's Small Volume Customer Balancing Service
_____ Customer declines participation in Company's Small Volume Customer Balancing Service

If Customer declines participation in Company's Small Volume Customer Balancing Service, Customer understands and agrees that it shall be subject to and responsible for all balancing and scheduling charges and penalties contained in Company's tariff, as the same may be amended from time to time. In addition, Customer shall reimburse and indemnify Company for all costs incurred by Company from the interstate pipeline transporter on Customer's behalf.

2. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's Gas Transportation Agreement referenced above.

3. As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

4. All charges, including, but not limited to, the Fixed Rate, Demand Charge, Commodity Charge, and all terms and conditions applicable to this Small Volume Balancing Service set forth in Company's Gas Tariff, remain in full force and effect.

5. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | **<*Customer Name Here*>** |
| | Account #:___________________________ |
| By:________________________________________ | By:________________________________________ |
| Title:______________________________________ | Title:______________________________________ |

SMALL JOINT FIRM/INTERRUPTIBLE
NATURAL GAS SALES AGREEMENT
(Minnesota)

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________ ("Customer").

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and Customer hereby agrees to purchase and receive natural gas on a joint service firm-interruptible basis at the location and for the specific uses designated as follows: _________________________________.

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Rate Schedule ________ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, rules, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Nature of Sales Joint Firm/Interruptible Service.**

(a) **Firm Gas ("Contract Demand Volumes").** The daily contract demand volume of firm gas to be delivered hereunder shall be _______ **dekatherms** and shall be the maximum volume of gas Company is obligated to deliver to the customer on any billing day.

(b) **Interruptible Gas**. On any given day customer may purchase volumes of gas in excess of the Firm gas volume in (a) above, when such additional volumes are available.

(c) **Curtailment.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of Interruptible Gas (b) above and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of $20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a force majeure operating situation. A force majeure operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a force majeure operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the force majeure operating situation. The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of Service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective ____________________ and shall continue in effect until ________________________ and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Joint Service**. Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices**. Notices to Company under this Agreement shall be addressed to it at its State office at 2665 – 145th Street West, P.0. Box 455, Rosemount, MN 55068 and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

*Name of Person to be Notified:*_____________________________________
*Title of Person to be Notified:*______________________________________
*Telephone Number:*_______________________________________________
*Address:*________________________________________________________

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **<u>Regulatory Commission Authority</u>**. This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | Customer |
| | ____________________________________ (*print name*) |
| By:_________________________________ | By:_________________________________ |
| Title:_______________________________ | Title:_______________________________ |

# LARGE VOLUME TRANSPORTATION
# SERVICE AGREEMENT
# (Minnesota)

This Agreement is between Minnesota Energy Resources Corporation (“MERC” or “Company”) and ________________________________________ (“Customer”).

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service hereunder shall be offered on an interruptible or joint firm/interruptible basis. Service will be provided on a firm basis contingent upon adequate system capacity and only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company’s distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer’s gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company’s service to such Customer is interrupted. At Company’s request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company’s Gas Tariff on file with the Minnesota Public Utilities Commission (“MPUC”), as the same may be amended, modified or superseded from time to time (the “Tariff”). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer.  Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges**: Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110~~70~~.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time. |
| *Daily Firm Capacity Charge:* | If applicable, the amount is set forth in Customer's regular sales tariff schedule. |
| *Commodity Charge:* | All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.<br><br>Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule. |
| *Optional Services:* | The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:<br><br>Firm Backup Sales Service<br>Small Volume Balancing Service |

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the

delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **<u>Notices</u>:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation (“MERC”)<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **<u>Regulatory Commission Authority</u>**: The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **<u>Acknowledgement of Transportation Risks</u>**: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | Customer<br>______________________________<br>(*print name*) |
| By:______________________________ | By:______________________________ |
| Title:____________________________ | Title:____________________________ |

LARGE JOINT FIRM/INTERRUPTIBLE
GAS SALES AGREEMENT
(Minnesota)

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________________ ("Customer").

WHEREAS, Customer desires to obtain natural gas service from Company and Company is willing to provide such service on the terms and conditions set forth herein. NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**. Service under this Agreement is available to customers who qualify for service under Company's Rate Schedule ____ ("Rate Schedule"), which is a part of Company's tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer represents that it meets the service availability requirements for service under this Agreement.

2. **Service Considerations**. During the term of this Agreement, Company shall be Customer's exclusive natural gas distributor. Service hereunder will be for a base of firm gas volume, supplemented by interruptible volumes.

This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company's Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC ( "General Terms and Conditions"). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Gas To Be Sold**. Company agrees to sell firm and/or interruptible gas and deliver gas to Customer, and Customer agrees to purchase and receive such gas for its own use for the following purpose, namely: __________________________________.

a. Firm Gas Sales: The daily Contract Demand volume of firm gas to be delivered hereunder shall be ______ MMBtu and shall be the maximum volume of gas Company is obligated to deliver to Customer on any billing day.

b. Interruptible Sales: On any given day Customer may purchase volumes of gas in excess of the firm gas entitlement when such additional volumes are available.

Delivery of gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and acknowledges its responsibility either to shut down its plant operations or to maintain complete standby facilities and alternate fuel supply to maintain plant operations during full or partial curtailment or interruption of service hereunder. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so.

4. **Charges**. Customer shall be responsible for and shall pay to Company the charges applicable to the service provided hereunder as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Contract Demand Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

5. **Term**. The primary term of this Agreement shall commence on _____________, 20____, and shall continue in effect until _____________, ______ and thereafter until terminated by either party upon six (6) months written notice.

6. **Penalty For Unauthorized Takes When Service is Interrupted**. If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 4 above, plus either the applicable charge from the transporting pipeline (see Sheet No. 6.50 of the Tariff) or $20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 4 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

7. **Billing and Payment**. Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of $10.00 and shall be the greater of $1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

8. **Request to Transfer to Non-Joint Service**. Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

9. **Notices**. Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses specifically provided in this Agreement or, if not so provided, to the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation (“MERC”)<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

10. **Commission Authority**. The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

11. **Entire Agreement**. This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

**Minnesota Energy Resources Corporation**
**"MERC"**

"**Customer"**

__________________________________
(*print name)*

By:___________________________________

Name:________________________________

Title:_________________________________

By:___________________________________

Name:________________________________

Title:_________________________________

MINNESOTA ENERGY RESOURCES

# SUPER LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT (Minnesota)

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ________________________________________ ("Customer").

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible basis by Company. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such Customer is interrupted. At Company's request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company's Gas Tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges**: Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110~~70~~.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per |

account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

*Daily Firm Capacity Charge:* If applicable, the amount is set forth in Customer's regular sales tariff schedule.

*Commodity Charge:* All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

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

*Optional Services:* The following services, described in Company's Tariff sheet 6.07, are available at Customer's option:

Firm Backup Sales Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and

which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices**: Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation ("MERC")<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **Regulatory Commission Authority**: The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledging of Transportation Risks:** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **<u>Entire Agreement:</u>** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation "MERC"** | "**Customer"** |
| | ______________________________ *(print name)* |
| By:_________________________________ | By:___________________________ |
| Name:______________________________ | Name:_________________________ |
| Title:_______________________________ | Title:__________________________ |

**FIRM BACKUP SALES**
**SERVICE AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ____________________________________ ("Customer").

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company's Transportation Rate Schedule Sheet No. 6.00 through 6.09 ("Rate Schedule"), which is a part of Company's tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff").

2. **Service Considerations**. This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company's Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC ("General Terms and Conditions"). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Rate**. Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer's MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

4. **Term**. The primary term of this Agreement shall commence on _____________, 20___, and shall continue in effect until _____________, 20___, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted**. If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the

transporting pipeline or $20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

6. **Billing and Payment**. Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of $10.00 and shall be the greater of $1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

7. **Daily Firm Capacity Nomination**: Customer agrees to take firm backup sales for the period November 1 through October 31 and must nominate a DFC for the entire November through October period. Customer may not change~~s~~ its daily firm capacity nomination until the next November 1st and must notify the Company in writing at least ninety days prior to the change.

8. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation ("MERC")<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

9. **Commission Authority**. The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

10. **Entire Agreement**. This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation („MERC")** | Customer<br>_______________________________<br>(*print name*) |
| By:_____________________________ | By:_____________________________ |
| Title:___________________________ | Title:___________________________ |

MINNESOTA ENERGY RESOURCES ™

**ELECTION OF LARGE VOLUME BALANCING SERVICE**
**ADDENDUM TO**
**LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT**

This Addendum is made and entered into as of the _______ day of _________________, ______, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and ________________________________________ ("Customer").

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated _______________, ______ (the "LVTS Agreement");

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service ("LVBS") Program as set forth in Company's Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission ("MPUC"), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer's daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: ___________ Customer's/Representative's Initials: _________

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company's Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company's Tariff.

The parties have executed this Addendum as evidenced by their signature below.

**Minnesota Energy Resources Corporation ("MERC")**

By:______________________________________

Title:______________________________

**Name:**____________________________________

**Account #:**_________________________________

By:_______________________________________

Title:______________________________

# Clean Tariffs

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## MINNESOTA CITIES SERVED BY MERC

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

**MINNESOTA CITIES SERVED BY MERC (Continued)**

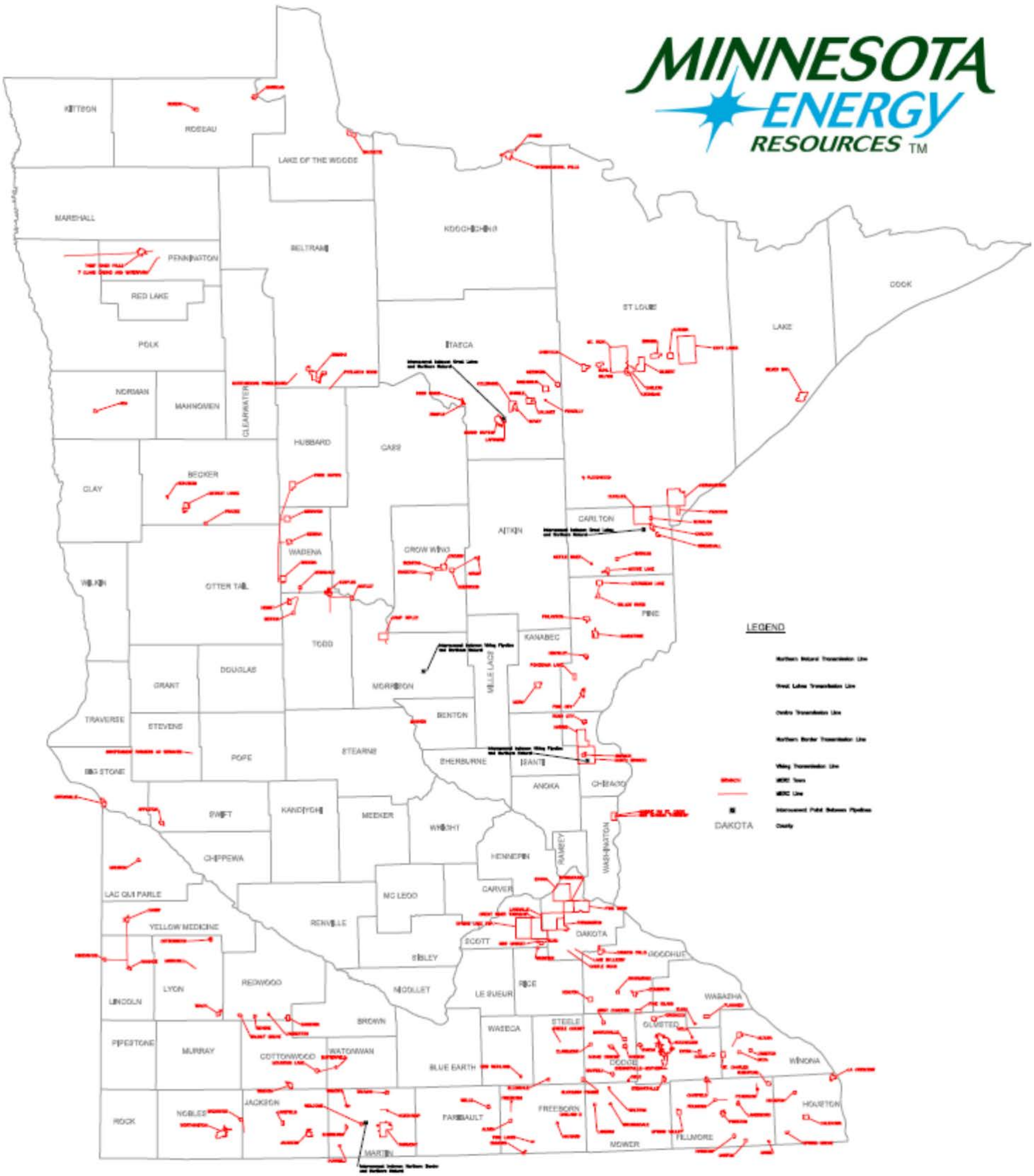
Scanlon
Sebeka
Silver Bay
Silver Brook Township
Sherburn
Spring Grove
Spring Lake Township
Spring Valley
Staples
St. Charles
Stewartville
Sturgeon Lake
Tracy
Thief River Falls
Trimont
Truman
Twin Lakes
Twin Lake Township
Utica
Verndale
Viola
Wadena
Walnut Grove
Waltham
Wanamingo
Warroad
Webster Township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

## MINNESOTA COUNTIES SERVED BY MERC

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

CANCELED

MERC


KITTSON
ROSEAU
LAKE OF THE WOODS
MARSHALL
BELTRAMI
KOOCHICHING
PENNINGTON
RED LAKE
POLK
ITASCA
ST LOUIS
LAKE
COOK
NORMAN
MAHNOMEN
CLEARWATER
HUBBARD
CASS
CLAY
BECKER
CARLTON
AITKIN
WADENA
CROW WING
WILKIN
OTTER TAIL
PINE
KANABEC
TODD
DOUGLAS
GRANT
MORRISON
MILLE LACS
TRAVERSE
STEVENS
BENTON
POPE
STEARNS
SHERBURNE
ISANTI
BIG STONE
ANOKA
CHISAGO
SWIFT
KANDIYOHI
MEEKER
WRIGHT
DAKOTA
CHIPPEWA
HENNEPIN
RAMSEY
WASHINGTON
LAC QUI PARLE
CARVER
MC LEOD
YELLOW MEDICINE
RENVILLE
SCOTT
GOODHUE
SIBLEY
LINCOLN
LYON
REDWOOD
NICOLLET
LE SUEUR
RICE
WABASHA
BROWN
WASECA
STEELE
OLMSTED
PIPESTONE
MURRAY
COTTONWOOD
WATONWAN
BLUE EARTH
DODGE
WINONA
ROCK
NOBLES
JACKSON
MARTIN
FARIBAULT
FREEBORN
MOWER
FILLMORE
HOUSTON
LEGEND
DAKOTA

CANCELED

CONTACT LIST

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

A. General Management Duties:

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

Dennis M. Derricks Vice President, Regulatory Affairs
(920) 433-1470

Amber S. Lee, Manager Regulatory Services
(651) 322-8965

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

Dennis M. Derricks, Vice President, Regulatory Affairs
(920) 433-1470

Amber S. Lee, Manager Regulatory Services
(651) 322-8965

B. Customer Relations:

Nancy Lilienthal – Senior Administrative Assistant
(651) 322-8902

David Perron – Business Services Manager
(651) 322-8920

C. Emergencies - Non-Office Hours:

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

## TECHNICAL TERMS AND ABBREVIATIONS

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

# RATE SCHEDULE GS-NNG GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.60975 (MERC-NNG) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.21806 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month - $18.00
      Distribution Charge @ $0.18116 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16579 per therm

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

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

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

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

   Btu's will be calculated on an arithmetic average.

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

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

# RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.052440 (MERC-Consolidated) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.21806 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month – $18.00
      Distribution Charge @ $0.18116 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16579 per therm

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

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

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

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

   Btu's will be calculated on an arithmetic average.

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

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Rates:
   A. Per month: Customer Charge $165.00 per meter
   Base rate of gas @ $0.45635 (MERC-NNG) per therm
   Distribution charge @ $0.08490 per therm

   B. The rate per therm of daily firm capacity, if any, shall be $2.00712 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

CANCELED

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

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

4. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.44363(MERC-Consolidated) per therm
Distribution charge @ $0.08490 per therm

B. The rate per therm of daily firm capacity, if any, shall be $0.59037 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

CANCELED

CANCELED

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

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

4. Rates:

A. Per month: Customer Charge $185.00 per meter
Base rate of gas @ $0.43407 (MERC-NNG) per therm
Distribution charge @ $0.04553per therm

B. The rate per therm of daily firm capacity, if any, shall be $2.00712 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

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

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

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

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

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

CANCELED

CANCELED

RATE SCHEDULE LVI-CONSOLIDATED LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Rates:
   A. Per month: Customer Charge - $185.00 per meter
      Base rate of gas @ $0.44363 (MERC-Consolidated) per therm
      Distribution charge @ $0.04553 per therm

   B. The rate per therm of daily firm capacity, if any, shall be $0.59037 per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details.

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

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

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

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

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

6. <u>Penalty For Unauthorized Takes When Service Is Interrupted</u>: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or $20.00 per dekatherm so taken, whichever is applicable.

7. <u>General Terms and Conditions</u>: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

8. <u>Telemetry</u>: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

9. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

10. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

CANCELED

CANCELED

CANCELED

CANCELED

CANCELED

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.

2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

3. Rate:
   A. The customer charge shall be $350.00 per month per meter.
   B. The rate per therm of daily firm capacity shall be $2.00712 (MERC-NNG) per MDQ, as defined in the General Rules, Regulations, Terms and Conditions, per month. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.
   C. The base rate of gas is $0.43407 (MERC-NNG) per therm, and the distribution charge is $0.00420 per therm for CIP-Exempt and $0.02868 per therm for CIP-Applicable.
   D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
   E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

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

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

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

Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

9. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

TRANSPORTATION RATE SCHEDULE

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

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

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

Small Volume Interruptible Service
Large Volume Interruptible Service

Small Volume Joint Firm/Interruptible Service
Large Volume Joint Firm/Interruptible Service

Super Large Volume Service
Super Large Volume Interruptible Transport (See Rate Schedule Sheet Nos. 6.20 and 6.25) only available for transportation not sales service.

2. Rate:

Fixed Rate

Customer Charge - $110.00 per month per metered account for administrative costs related to transportation plus the monthly customer charge according to the applicable sales rate schedule for which the customer would otherwise qualify.

Daily Firm Capacity Charge

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

Commodity Charge

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

3. Special Conditions:

A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.

C. All Large Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. All Small Volume transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. Customers must reimburse Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.

D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per Company's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to

TRANSPORTATION RATE SCHEDULE (Continued)

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

H. Joint rate transportation service customers can select one of the following two options:

1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).

2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a joint affidavit signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

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

If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers 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 broker 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 joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. <u>BTU Adjustment:</u> Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.

5. <u>Nomination:</u> Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

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

Daily Scheduling Charges
This section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport or SLVI-Consolidated Transport customers. Mainline or SLVI-NNG Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

**Northern Natural Gas**

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

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

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   1. For consumption up to 105% of confirmed nomination, $1.00 per dekatherm in excess of confirmed nomination up to 105%.
   2. For consumption greater than 105% of confirmed nomination, $10.66 per dekatherm in excess of 105% of confirmed nomination.

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

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

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

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

**Great Lakes and Viking**

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas

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

The MIPs shall be determined as follows:

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

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

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

| | |
|---|---|
| 3 dekatherm at MIP * 100% | $ 6.69 |
| 2 dekatherm at MIP * 102% | $ 4.55 |
| 5 dekatherm at MIP * 110% | $12.26 |
| 5 dekatherm at MIP * 120% | $13.38 |
| 5 dekatherm at MIP * 130% | $14.49 |
| 10 dekatherm at MIP * 140% | $31.22 |
| | $82.59 |

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

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

Viking and Great Lakes

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

Schedule A

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

TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

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

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

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

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

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

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

11. Small Volume Balancing Service

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

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

12 Large Volume Balancing Service (LVBS) Program

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

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

TRANSPORTATION RATE SCHEDULE (Continued)

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

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

13. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.

14. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or $20 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.

15. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.

16. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.

17. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

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

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

3. Rate
Customer Charge - $460.00 per month per meter.

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.0042 per therm for CIP-Exempt and $0.02868 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

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

Btu's will be calculated on an arithmetic average.

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

4. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All Large Volume transportation customers other than farm tap customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

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

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

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC’s Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC’s Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

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

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC’s SLVI-NNG transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

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

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

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

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

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

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

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

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph “3”.

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

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

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

3. Rate
Customer Charge - $460.00 per month per meter

Commodity Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $.0085/therm for CIP-Exempt and $0.0398 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

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

Btu's will be calculated on an arithmetic average.

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

5. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All Large Volume transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse MERC for the cost incurred by MERC to install telemetry equipment and for the cost of any other improvements made by MERC in order to provide this transportation service. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer.

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

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

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

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

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

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

RATE SCHEDULE SLVI-CONSOLIDATED

SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

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

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

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

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

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

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3."

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

# FLEXIBLE RATE GAS SERVICE RIDER

1. Availability: Service under this rate schedule is available to any non-general-service customer.

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

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company's system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company's system are eligible to take service under flexible tariffs.

3. Rate:
Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.

A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
C. The rate for gas delivered shall be at least $0.0045 per therm.
D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the commodity charge for all volumes taken subject to and computed in accordance with Part C.
E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1,000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

4. General Terms and Conditions:
All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

Issued By: DM Derricks *Effective Date: April 1, 2015
Asst. VP Regulatory Affairs Proposed Effective Date: April 1, 2015
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

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

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

## TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other "Transportation for Resale" customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.

2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.

3. Rate:
   A. The customer charge shall be $185.00 per month plus a charge of $110.00 per month for administrative costs related to transportation.
   B. The rate per dekatherm for transportation charge shall be $.72.

   The customer is responsible for purchasing its own entitlement units, e.g., Daily Firm Capacity, etc. The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.

4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.

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

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

## PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is $113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.

2. Viking Gas Transmission Company: Not applicable.

3. Great Lakes Transmission: Not applicable.

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

# PURCHASED GAS ADJUSTMENT - UNIFORM CLAUSE

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

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

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

Where:

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

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

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

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

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

$V^1$ = Projected 12 months sales volumes.

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

PURCHASED GAS ADJUSTMENT – UNIFORM CLAUSE (Continued)

3. Application of Calculation

The formula $\frac{PD}{V} + WACOG + \frac{A}{V^{1}} - B$ identified previously will be calculated separately for each supplier and/or supply zone (where separate rate schedules are maintained), if appropriate by class of service for interruptible, firm and general service sales. Demand charges will be assigned on a unit basis to applicable customers.

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

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

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

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

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

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

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

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

1. Applicability of Conservation Cost Recovery Charge and Adjustment:
"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

"Commercial Gas Customers" that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Commercial Gas Customers" can no longer participate in the Company's Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company's rate case. The CCRC factor is approved and applied on a per therm basis by .dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:

| | |
|---|---|
| All Classes MERC | $0.02448/therm* |

3. Adjustment: There shall be included on each customer's monthly bill a CCRA factor multiplied by the customer's monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.

4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

** Proposed for approval in Docket No. G011/GR-13-617. MERC will not implement the CCRC until approved by the Commission.

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

All Classes MERC $0.00554

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat.§ 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM")

1. Availability:

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

2. Program Description and Rate Impact for Qualifying Customers:

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

2.1. *Affordability Component:*

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

2.2. *Arrearage Forgiveness Component:*

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

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

3. Conditions of Service:

3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.

3.2. Before the start of an enrollment period, MERC will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to MERC before the close of the enrollment period.

3.3. Regardless of arrears balances, MERC agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.

3.4. Qualified Customers must maintain an active MERC account in said customer's name at their permanent primary residence only to be eligible for this Program.

3.5. Qualified Customers agree to notify MERC of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.

3.6 If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC's regular collection practices including the possibility of disconnection.

4. Funding:

4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC shall not exceed $1 million ($1,000,000.00) per year plus the estimated tracker balance as of December 31, 2011. *See* Exhibit B. MERC shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.

4.2. MERC shall recover Program costs in the Delivery Charge applicable to customers receiving firm service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service.

4.3. A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. MERC will track and defer Program costs with regulatory approval. The prudency of the Program costs are subject to regulatory review.

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

4.4. Program costs shall be recovered in the applicable Delivery Charge for all firm service customers receiving service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service. The initial rate is $0.00441 per therm. The surcharge will be identified as a separate line item, Gas Affordability Program charge, on the customer's bill. MERC may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case or at the end of the initial four-year term of the Program.

5. Evaluation:

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

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

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

6. Program Revocation:

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

7. Term:

The Program shall become effective January 1, 2012 and shall have a four-year term ending December 31, 2015. Annual reporting will begin on March 31, 2012 and will continue each year thereafter, ending on March 31, 2015.

8. Applicability:

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

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

Exhibit B

| | |
|---|---|
| MERC TOTAL Throughput* | 263,765,128/therm |
| Projected program arrearage expenses | $950,000.00 |
| Projected program administrative expenses | $50,000.00 |
| Projected GAP Tracker Balance at Dec. 31, 2011 | $653,461.25 |
| 4-Year Amortization of GAP Tracker Balance | $163,365.31 |
| Projected total program costs | $1,163,365.31 |
| MERC affordability surcharge<br>$1,163,365.31/263,765,128/therm | $0.00441/therm |

*Volume data from DOC Witness Adam Heinen's Additional Rebuttal Testimony, DOC Exhibit__ (AJH-AR-4) in Docket No. G007,011/GR-10-977

CANCELED

CANCELED

CANCELED

CANCELED

## REVENUE DECOUPLING MECHANISM (“RDM”)

1. Purpose

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

2. Applicability

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

3. Definitions

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

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

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

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

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

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

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

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

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

REVENUE DECOUPLING MECHANISM (“RDM”)(Continued)

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

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

4. Determination of Adjustment

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

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

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

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

6. Minnesota Public Utilities Commission (Commission) Authority

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

REVENUE DECOUPLING MECHANISM (“RDM”)(Continued)

7. Reports

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

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

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

8. Pilot Period

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS:

A. Company:

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

B. Commission:

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

C. Customer:

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

D. Town Plant:

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

E. Town Border Station:

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

F. Types of Customers:

1. Residential:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Type of Customers (Continued)

1. Residential (Continued)

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

2. Commercial:

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

3. Industrial:

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

4. Joint Rate Service:

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

5. Interruptible Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS: (Continued)

F. Types of Customers (Continued)

6. Small Volume:

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

7. Large Volume:

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

8. General Service:

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

9. Transportation Service:

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

10. Human Needs Customer:

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

11. Marketer:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

F. Types of Customers (Continued)

12. Firm Service:

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

G. Distribution Mains:

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

H. Service Line:

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

I. Point of Delivery:

The point of delivery and the point where Company ownership and maintenance of service pipe ends, shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and customer. All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the customer and are subject to the inspection and approval of the Company and other authorities which have jurisdiction.

J. Fuel Line:

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

K. Abbreviations:

Btu - British Thermal Unit
psig - Pounds Per Square Inch Gauge
psia - Pounds Per Square Inch Absolute
W.C. - Water Column
Cfh - Cubic Feet Per Hour
ºF - Degree Fahrenheit

L. Disconnection of Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

M. Temporary Disconnection:

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

N. Maximum Daily Quantity (MDQ):

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

O. Daily Firm Capacity:

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

P. Critical Day:

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

Q. Operational Flow Order:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY

A. Quality:

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

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

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

Issued By: DM Derricks
Asst. Vice President, Regulatory Services
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.

*Effective Date: April 1, 2015
Proposed Effective Date: April 1, 2015

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

D. Computation of Volumes of Gas Sold:

1. General Service and Small Volume Interruptible Customers: The volume of gas delivered to customer shall be computed at the standard unit of measurement. Where delivery pressure exceeds the standard unit of measurement the volumes will be corrected to the standard unit of measurement in accordance with the A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4.

2. Contractual Customers:

(a) Measurement Factors: The volume of gas delivered as measured at delivery pressures shall be corrected to the unit of measurement specified in the contract. Measurement and determination of volumes delivered shall be made in accordance with the recommendations set forth in A.G.A. Gas Measurement Committee Report No. 3, as amended, or American Meter Handbook No. E-4, or AGA Report No. 7.

(b) Temperature: The temperature of gas delivered and measured shall be assumed to be sixty (60) degrees Fahrenheit. Where a recording thermometer has been installed to record the temperature of the gas flowing through the meters, the arithmetic average of the hourly temperature so recorded shall be used in measurement computation.

(c) Specific Gravity: The specific gravity of the gas used in the measurement shall be as determined by the Company's wholesale natural gas suppliers: Northern Natural Gas Company, Great Lakes Gas Transmission Company, and Viking Transmission Company.

(d) Heating Value: The heating value of the natural gas which Company receives from its suppliers may vary. Accordingly, from time to time, adjustments in the form of a gas measurement factor may be necessary as specified in the provisions of the various contracts.

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards

1. Meter: The gas delivered by Company to the customer shall be measured by an adequate meter of standard type, installed, operated and maintained by Company.

2. Location: The town plant customer will provide a place on the customer's premises at no cost to the Company for location of the meter. The location of a previously set meter may be changed by the Company at the request of the customer. The expense of the change shall be paid by the customer.

   (a) Domestic and Small Volume Commercial - Meters will be set and maintained on the customer's premises at a location mutually acceptable to both the Company and the customer after giving due consideration to safety, accessibility for meter reading, prudent investment of materials and the prevailing practice in the community. Alternative locations must be approved by the Company.

   (b) Large Volume and/or Industrial - Meters will be set at customer's property line nearest the gas main whenever possible. Alternative locations must be approved by Company.

3. Access: The Company's authorized agents shall have access to the Company's meters and pipes at all reasonable times for the purpose of inspection, maintenance, connect, disconnect, leak detection, meter turn off and to ascertain the quantity of gas consumed or registered.

4. Testing: Company shall test its meters at reasonable intervals and shall at the time of the test adjust the meter to record accurately.

5. Customer Requested Meter Test: Upon request, the Company shall make a test of the meter serving a customer provided that such tests need not be made more frequently than once in 18 months. If the meter is found accurate under the provisions of 2. E. 6, the Company may charge the customer not to exceed thirty dollars (one hundred dollars for large volume equipment) or the actual cost of such test, whichever is less.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

5. Customer Requested Meter Test: (Continued)

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

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

6. Adjustment of Measurement Errors:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

E. Meter Standards: (Continued)

6. Adjustment of Measurement Errors: (Continued)

(b) Slow Meters (Continued)

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

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

(c) Non-Registering Meters

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

2. MEASUREMENT AND QUALITY: (Continued)

F. Meter Reading:

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

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

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

3. COMPANY OWNED ITEMS:

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

4. STANDARDS FOR CUSTOMER-OWNED FUEL LINES:

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

A. Emergency Leak Calls. In the event of an Emergency Leak Call, Company will respond in accordance with the requirements of 49 C.F.R. Part 192.615. There will be no charge to the customer for such calls unless a leak or substandard pipes are found and the Company repairs such at the customer's request. In such cases, the provisions under "Emergency Service Disconnection" would apply.

B. Inspections. In response to either a non-emergency request from the customer for an inspection of the fuel lines or a request from the Minnesota Office of Pipeline Safety for a routine inspection, Company will perform tests in accordance with the National Fuel Gas Code, Company standards and local codes and regulations pertaining to natural gas piping. Testing may include, but shall not be limited to, leak detection tests conducted in and around the customer's residence and "shut-in tests" which involves isolating the section of fuel line from the meter set at the sales point to the customer's line. Non-emergency tests which are conducted at the request of the customer will be at the customer's expense. If an inspection results in the detection of a leak or pipe which is below the code specification, the provisions under "Emergency Service Disconnection" would apply.

C. Emergency Service Disconnection. If an inspection or a response to an Emergency Leak Call detects a leaking fuel line or a line failing to meet code standards, Company is obligated to "red tag" the meter and prevent any gas from following until customer has ensured that the necessary repairs have been made to reinstate the system into compliance with the safety specifications set out in the National Fuel Gas Code. Customers who choose MERC to provide repair service will pay separately for the service. If immediate replacement or repair is impossible the customer may elect, at the customer's expense, to convert to an alternative source of fuel.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

5. WASTAGE OF GAS

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

6. TEMPORARY SERVICE

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT

A. Assurance of Payment

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

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

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

B. Guarantees In Lieu of Deposits

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

C. Amount of Deposit to be Required and Interest Paid

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

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

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

The customer may pay deposits in installments.

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

D. Deposit Records and Receipts

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

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

(1) Name of customer.

(2) Place of deposit.

(3) Date of deposit.

(4) Amount of deposit.

(5) Company name and address, signature and title of Company employee receiving deposit.

(6) Current annual interest rate earned on deposit.

(7) Statement of the terms and conditions governing the use, retention and return of deposits.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

7. GUARANTEE DEPOSIT (Continued)

E. Deposit Transfers

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

F. Refund of Deposit

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

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

G. Credit Reports

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT

A. Information on Billing Statements

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

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

1. The statement i.e.: "For assistance contact MERC: (nnn) nnn-nnnn" designating the appropriate local office where the customer may initiate any inquiry or a complaint.

2. A notice to customers of the availability upon request of the Customer Information Booklet described in Subsection 14.B. of these General Rules.

B. Billing Periods

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

B. Billing Periods (Continued)

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

C. Billing Errors

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

C. Billing Errors (Continued)

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

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

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

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

E. Late Payment Charge

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

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

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

F. Excise Taxes

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

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

The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days' notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of, or change in, the fee.

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Late Payment Charge

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

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

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

G. Excise Taxes

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

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

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

**Bemidji**
There shall be added to each customer's monthly natural gas bill a City of Bemidji Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Bemidji, which is currently 5.0% of the gross revenues received from each customer. The fee is listed on the bill as "Franchise fee-Bemidji."

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

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

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

**Hermantown**
There shall be added to each customer's monthly natural gas bill a City of Hermantown Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Hermantown, which is currently a flat fee of $2.00 per month for each residential meter and $2.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Hermantown."

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

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

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

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

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

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

**Ortonville**
There shall be added to each customer's monthly natural gas bill a City of Ortonville Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Ortonville, which is currently a flat fee of $1.50 per meter plus a volumetric fee of $0.013 per 100 cubic feet of gas, which shall be adjusted annually for inflation based upon the most recent Urban Consumer Price Index inflation adjustment rates.
The fee is listed on the bill as "Franchise fee-Ortonville."

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

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

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

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

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

**Silver Bay**

There shall be added to each customer's monthly natural gas bill a City of Silver Bay Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Silver Bay, which is currently a flat fee of $3.00 per month for each residential meter and $3.00 per month for each commercial, industrial, and other meter. The fee is listed on the bill as "Franchise fee-Silver Bay."

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

F. Excise Taxes (Continued)

**Thief River Falls**

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

**Wadena**

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

**Wells**

There shall be added to each customer's monthly natural gas bill a City of Wells Franchise Fee assessment. The amount of the fee to be assessed shall be the assessment rate equal to that imposed on the Company by the City of Wells, which is currently a flat fee of $2,00 for residential customers, $2.00 for commercial firm customers, $30.00 for commercial interruptible customers, $2.00 for industrial firm customers, $30.00 for industrial interruptible customers, and $2.00 for transportation customers. The fee is listed on the bill as "Franchise fee-Wells."

**Worthington**

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

G. Returned Check Fee

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

H. Payment Agreement

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE

A. Disconnection of Service - Permissible Reasons

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

1. Nonpayment of Bill:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service – Permissible Reasons (Continued)

2. Failure to Meet Deposit and Credit Requirements:

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

3. Non-Compliance with Rules and Regulations:

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

4. Breach of the Contract:

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

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

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

6. Dangerous Conditions Found on Customer's Premises:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

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

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

7. Failure to Provide Access:

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

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

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

9. Customer Request for Discontinuance of Service:

(a) Permanent Disconnection:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

9. Customer Request for Discontinuance of Service (Continued)

(b) Temporary Disconnection:

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

10. Disconnection Without Notice:

Without notice a utility may disconnect service to any customer for any reason stated below:
A. in the event of an unauthorized use of or tampering with the utility's equipment; or
B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, or to the public.

11. Reselling or Redistribution of Service:

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

12. Fraudulent Use of Service:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

A. Disconnection of Service - Permissible Reasons (Continued)

12. Fraudulent Use of Service (Continued)

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

13. Disregard of Curtailment Orders:

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

14. Compliance with Request from Governmental Authority Having Jurisdiction:

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

B. Non-Permissible Reasons to Disconnect Service:

1. Delinquency by Previous Occupant:

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

2. Failure to Pay for Merchandise, etc:

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

3. Failure to Pay - Different Class of Service:

Failure to pay for a different class of service.

4. Failure to Pay - Another Meter:

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

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

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

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

C. Landlord - Tenant Rule:

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

1. Where it is feasible to so provide service, the Company, after providing notice as required in these Rules, shall offer the occupant the opportunity to subscribe for service in her or his own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the Rules.

2. Company shall not attempt to recover from a tenant, or condition service to a tenant upon the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

D. Disconnection During Cold Weather:

1. Scope: This section applies only to the Company's residential customers.

2. Definitions: The following definitions apply in this section.

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

"Customer" means a residential customer of the Company.

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

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

"Reasonably timely payment" means payment within five working days of agreed-upon due dates.

"Reconnection" means the restoration of utility heating service after it has been disconnected.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

2. Definitions (Continued)

"Summary of rights and responsibilities" means a notice approved by the Minnesota Public Utilities Commission that contains, at a minimum, the following:

(a) an explanation of the provisions of Section VIII.9.D.5 and Minn. Stat. § 216B.096, subd. 5;

(b) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(c) a third-party notice;

(d) ways to avoid disconnection;

(e) information regarding payment agreements;

(f) an explanation of the customer's right to appeal a determination of income by the Company and the right to appeal if the Company and the customer cannot arrive at a mutually acceptable payment agreement; and

(g) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the Company.

"Third-party notice" means a notice approved by the Minnesota Public Utilities Commission containing, at a minimum, the following information:

(a) a statement that the Company will send a copy of any future notice of proposed disconnection of Company service to a third party designated by the residential customer;

(b) instructions on how to request this service; and

(c) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the Company with the party's name.

"Company" means MERC.

"Utility heating service" means natural gas used as a primary heating source for the customer's primary residence.

"Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

3. Company Obligations Before Cold Weather Period
Each year, between September 1 and October 15, the Company must provide all customers, personally or by first class mail, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

4. Notice Before Disconnection During Cold Weather Period
Before disconnecting utility heating service during the cold weather period, the Company must provide, personally or by first class mail, a Minnesota Public Utilities Commission-approved notice to a customer, in easy-to-understand language, that contains, at a minimum, the date of the scheduled disconnection, the amount due, and a summary of rights and responsibilities.

5. Cold Weather Rule
During the cold weather period, the Company may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the Company that is based on the financial resources and circumstances of the household; provided that, the Company may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

The Company may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments.

The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the Company.

The Company shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

6. Verification of Income
In verifying a customer's household income, the Company may:

(a) accept the signed statement of a customer that the customer is income eligible;

(b) obtain income verification from a local energy assistance provider or a government agency;

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

6. Verification of Income (Continued)

(c) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(iv) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(v) other documentation that supports the customer's declaration of income eligibility.

A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

7. Prohibitions and requirements
This section applies during the cold weather period.

The Company may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the Minnesota Public Utilities Commission under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8.

A utility may not disconnect service during the following periods:

(a) during the pendency of any appeal under Section VIII.9.D.8 and Minn. Stat. § 216B.096, subd. 8;

(b) earlier than ten working days after the Company has deposited in first class mail, or seven working days after the Company has personally served, the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to a customer in an occupied dwelling;

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

7. Prohibitions and Requirements (Continued)

(c) earlier than ten working days after the Company has deposited in first class mail the notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 to the recorded billing address of the customer, if the Company has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(d) on a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this section to the customer;

(e) on a Saturday, Sunday, holiday, or the day before a holiday;

(f) when the Company offices are closed;

(g) when no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(h) when the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the Company to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the Company must attempt a second contact during nonbusiness hours. If personal contact is made, the Company representative must provide notice required under Section VIII.9.D.4 and Minn. Stat. § 216B.096, subd. 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

The Company must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the Minnesota Public Utilities Commission because the customer and the utility are unable to agree on a payment agreement.

8. Disputes; Customer Appeals
The Company must provide the customer and any designated third party with a Minnesota Public Utilities Commission-approved written notice of the right to appeal:

(a) a Company determination that the customer's household income is more than 50 percent of state median household income; or

(b) when the Company and customer are unable to agree on the establishment or modification of a payment agreement.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

8. Disputes; Customer Appeals (Continued)

A customer's appeal must be filed with the Minnesota Public Utilities Commission no later than seven working days after the customer's receipt of a personally served appeal notice, or within ten working days after the Company has deposited a first class mail appeal notice.

Notwithstanding any other law, following an appeals decision adverse to the customer, the Company may not disconnect utility heating service for seven working days after the Company has personally served a disconnection notice, or for ten working days after the Company has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

9. Customers Above 50 Percent of State Median Income
During the cold weather period, a customer whose household income is above 50 percent of state median income:

(a) has the right to a payment agreement that takes into consideration the customer's financial circumstances and any other extenuating circumstances of the household; and

(b) may not be disconnected and must be reconnected if the customer makes timely payments under a payment agreement accepted by the Company.

The second sentence in Section VIII.9.D.7 does not apply to customers whose household income is above 50 percent of state median income.

10. Reporting
Annually on November 1, the Company must electronically file with the Minnesota Public Utilities Commission a report, in a format specified by the Minnesota Public Utilities Commission, specifying the number of the Company's heating service customers whose service is disconnected or remains disconnected for nonpayment as of October 1 and October 15. If customers remain disconnected on October 15, the Company must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of the Company's heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of the Company's heating service customers that are reconnected to service each week. The Company may discontinue weekly reporting if the number of the Company's heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

9. DISCONNECTION OR SUSPENSION OF SERVICE (Continued)

D. Disconnection During Cold Weather (Continued)

10. Reporting (Continued)

The data reported under this section and Minn. Stat. § 216B.096, subd. 10 are presumed to be accurate upon submission and must be made available through the Minnesota Public Utilities Commission’s electronic filing system.

E. Notice to Cities of Utility Disconnection
Notwithstanding Minn. Stat. § 13.685 or any other law or administrative rule to the contrary, upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, the Company will make a report available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, the Company will make daily reports available of the address and date of any newly disconnected properties.

For the purpose of this section, “disconnection” means a cessation of services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.

F. Medical Emergencies
The Company shall reconnect or continue service to a customer’s residence where a medical emergency exists, provided that the Company receives: (1) written certification, or initial certification by telephone and written certification within five business days, from a medical doctor that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer’s household; and (2) the customer’s consent to a payment arrangement for the amount in arrears.

10. NOTICES: OTHER TIME REQUIREMENTS

A. Where required, all notices required by these Rules of impending action by the Company shall be by First Class Mail. Notice shall be sent to the address where service is rendered and to the address where the bill is sent if different from the address where service is rendered. A Company representative will make an affidavit under oath that he deposited in the mail the notice properly addressed to the customer.

B. All notices required by these Rules must precede the action to be taken by at least five (5) days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs, presently exists.

C. In lieu of mailing, notices may be delivered by a representative of the Company. They must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer’s family of a responsible age or affirmed in writing by the representative of the Company that delivery was attempted in good faith.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

10. NOTICES: OTHER TIME REQUIREMENTS (Continued)

D. A record of all notices required by these Rules must be kept on file by the Company and must be available to the Commission.

E. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal easy-to-understand language.

11. MANNER OF DISCONNECTION WHERE NOTICE IS REQUIRED

A. Service may be disconnected only in conjunction with a personal visit by a Company representative to the address where the service is rendered and an attempt to make personal contact with the customer at the address. If the address is a building containing two or more dwelling units, the representative shall make a personal visit to the door of the customer's dwelling unit within the building. If security provisions in the building preclude free access on the part of the representative, the representative shall attempt to gain access to the building from the caretaker, for the purpose of attempting to make personal contact with the customer.

B. The representative of the Company shall, at all times, be capable of receiving payment other than cash, if nonpayment is the cause of the disconnection of service. If the disconnection or suspension be for cause other than nonpayment, the representative shall be able to certify that the cause has been remedied by the customer.

12. RECONNECTION FEE

In the event service has been disconnected because customer could not pay the bill or meet deposit or credit requirements, the customer shall pay a reconnect fee of thirty ($30.00) dollars in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. Reconnection outside of normal business hours shall be calculated at a premium charge, consistent with current overtime rates, with a maximum reconnect fee of $45.
**EXCEPTION**: Per order in Docket G-999/CI-05-1832, reconnection fees and deposit requirements are waived for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) effective December 1, 2005 through April 15, 2006.

In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.3, 7, 8, 9, or 14, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of $30.00 in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored. In the event service has been disconnected for valid cause by the Company as listed in Section VIII.9.A.4, 5, 10, 11, 12, or 13, the customer shall, in addition to any new deposit requirements, pay a reconnect fee of $100.00, plus the costs of disconnection and reconnection incurred by the Company, in addition to making a settlement satisfactory to the Company of the outstanding bill, before service is restored.

The customer will not be required to pay a reconnection fee when the disconnection was because of a condition determined to be hazardous to the customer, other customers of the Company, to the Company's equipment, or to the public.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES

Whenever the customer advises the Company's designated representative prior to the disconnection of service that any part of the billing as rendered or any part of the services is in dispute, the Company shall:

A. Investigate the dispute promptly.

B. Advise customer of investigation and its result.

C. Attempt to resolve dispute.

D. Withhold discontinuation of service until the investigation is completed and the customer is informed of the findings in writing.

E. Upon the findings of the Company, the customer must submit payment in full of any bill which is due.

F. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow to the Company. Such payment shall be called an "escrow payment".

G. Escrow Payments:

1. To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an "escrow payment form", clearly marked and provided by the Company.

2. The "escrow payment form" must provide space for the customer to explain why the Company's resolution of the dispute is unsatisfactory to the customer. The form must be in three (3) copies, one of which will be retained by the customer.

3. A copy of the "escrow payment form" must be forwarded by the customer to the Public Utilities Commission.

4. Any escrow payment to the Company may be applied by the Company as any normal payment received by the Company.

5. After escrow payment has been made, the customer and the Company may still resolve the dispute to their mutual satisfaction.

6. By submitting the "escrow payment form" to the Commission, a customer is deemed to have filed an informal complaint against Company pursuant to the Commission's Rules.

7. Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by an 8 percent per annum interest charge from the date of payment to the date returned by the Company.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

13. DISPUTES (Continued)

H. The customer may apply to the Company to waive its right to disconnect. If the Company refuses to waive its right to disconnect, the customer may apply to the Commission for emergency status. If the Commission determines the customer has a probable claim in the dispute and that hardship may result in the event of discontinuation of service, it may declare an emergency status to exist and order the Company to continue service for a period not to exceed thirty (30) days.

I. Notwithstanding any other Rule herein to the contrary, Company shall not be obligated to suspend discontinuance of service upon the filing for review with the Commission, unless the customer shall pay, when due, all current bills due while the review is pending. If, following the first filing for review, the Commission, the same customer or any other person, files for any subsequent review by the Commission pertaining to the same account, such subsequent filings shall not relieve customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing, shall be considered to be made into escrow.

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC

A. Customer Complaint Procedure:

Company shall attempt to resolve all customer inquiries, requests and complaints during regular business hours.

If any complaint cannot be promptly resolved, the Company shall contact the customer within five (5) business days and at least once every fourteen (14) calendar days thereafter, and advise the customer regarding the status of the investigation until:

1. The complaint is mutually resolved; or

2. Company advises customer of the results of its investigation and final disposition of the matter; or

3. Customer files a written complaint with the Public Utilities Commission or the courts.

When the Minnesota Public Utilities Commission forwards a customer complaint to the Company, the Company shall notify the Commission within ten (10) business days regarding the status or disposition of the complaint.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC (Continued)

B. Customer Information - Assistance of Company Agent:

The Company will offer to each new customer and make available to existing customers a Consumer Information Booklet which will provide a summary of the rules and regulations under which Company provides service and which will comply with the requirements of Minn. R. 7820.0200.

A complete set of these Rules and Regulations, as well as the Rate Schedules relating to the town border service of the Company are set forth in Company's Tariff. A copy of Company's Tariff as filed with and approved by the Minnesota Public Utilities Commission is available for inspection at the various offices of the Company where applications for service are received.

A customer will have access to its own billing, complaint, payment and deposit records and the Company will furnish additional information as the customer or applicant may reasonably request.

Upon request, the Company's agent in charge will assist any interested party in procuring information with reference thereto as may be desired. Where the Company's rate schedules provide optional rates for the same character of service, the customer shall select the rate schedule under which he elects to be billed and agrees to take service there under for a period of not less than one year. The Company will assist any customer or prospective customer to apply the Company's rate schedule, General Rules, Regulations, Terms and Conditions, and where optional schedules are available will advise such customer or prospective customer upon request as to the schedule appearing, upon information then available, to be most advantageous to the customer for the character of service to be taken.

C. Compliance with Rate Schedules:

In order to secure the benefit of any rate schedule, customer must use service for the purposes and in accordance with conditions specified in the schedule for such rate. A customer using service for purposes not permitted in rate schedule specified in service application shall be required to execute a new service application referring to the proper rate schedule. Company reserves the right to rebill for service rendered under the rate schedule applicable thereto for the period during which such service was in effect.

D. Oral Agreements:

Agents of the Company are not authorized to bind the Company except by a duly executed written instrument.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

14. INFORMATION AND ASSISTANCE AVAILABLE TO CUSTOMERS AND THE PUBLIC (Continued)

E. Customer Service Practice:

The Company makes every possible effort to maintain its natural gas delivery system in good operating condition and adheres to published codes that customer appliances are manufactured under approved safety standards for safe, reliable operations at all times. A staff of qualified service personnel is maintained by the Company to perform those services necessary to enforce this policy. The service department operates on a five-day week, Monday through Friday, normal business hours except holidays. Emergency service is available on a 24-hour per day basis at all other times. Services consist of two groups; work for which no charge is made to the customer, and work for which costs are charged to the customer on a time and material basis, as follows:

1. Services on Customer Premises at no Charge – With the exception of those services performed to reconnect customers who have been disconnected for non-payment of utility bills, no charge is made for the following:

   a) Turning on the natural gas supply for customers moving to premises served with gas.
   b) Turning off the natural gas supply for customers moving from premises served with gas.
   c) Repairing or replacing Company-owned equipment on customers' premises, including the meter, house regulator or piping associated thereto.
   d) Inspecting and investigating potentially hazardous gas supply conditions on customers' premises.

2. Chargeable Services on Customer Premises – All other services on the customer's premises are chargeable to the customer. This includes such items as lighting pilots; adjusting appliances; changes, modifications and repair of house piping and service lines; repair or replacement of controls and other appliance parts; and cleaning and inspecting customer owned gas burning devices for malfunctions.

F. Account History Charge

If an authorized party requests the Company to provide 12 months or more of usage history for a non-Residential customer, the Company shall charge the authorized requesting party a fee of $30 per account for providing the information.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

15. INFORMATION FROM CUSTOMERS

A. Defective Equipment:

In case gas is found by customer to be escaping from any pipes or equipment in or about the customer's premises, the customer shall notify the Company immediately. Defective appliances shall be disconnected at once and properly repaired before using again. In case of interruption of service, customer shall notify the Company immediately.

B. Gas Load Analysis Data:

Each customer, upon request, shall furnish Company such reasonable data, as, in Company's judgment, is necessary for the proper analysis of the gas load requirements of the customer.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY

A. Priority of Service

Company will make every reasonable attempt to maintain continuous gas service to customers. The following priorities will be followed when operational and supply conditions require service interruptions with highest priorities listed first:

1. General Service Customers.
2. Small Volume Firm.
3. Large Volume Firm.
4. Small Volume Interruptible.
5. Large Volume Interruptible.

B. Curtailment of Service to Interruptible Customers

1. Standard Order of Curtailment: When in the opinion of the Company it becomes necessary to curtail or interrupt service to any of the Company's Interruptible Customers, such service shall be interrupted in the following order to protect deliveries to General Service Customers:

First: Large Volume Interruptible Customers.
Second: Small Volume Interruptible Customers.

Company must comply with curtailment plans, orders, definitions and classifications as set out in Federal Energy Regulatory Commission Gas tariffs of wholesale pipeline suppliers and in the rules and orders of regulatory or governmental bodies having jurisdiction.

2. Partial Curtailment: Where curtailment of only part of the deliveries of gas under similar interruptible classification is necessary, all customers under such classification will over a reasonable period of time, be treated alike so far as practicable.

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: In the event an interruptible customer takes any volume of gas in excess of authorized limitations ordered by the Company, the customer shall be billed an overrun deterrent and liquidated damages charge. Such charge shall be that amount set out in the rate schedule or contract and will be in addition to the normal rate for volumes consumed. The only exceptions shall be when the volumes were taken because of a force majeure operating situation of the customer as defined in his contract or rate schedule.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

16. CONTINUOUS SERVICE POLICY (Continued)

B. Curtailment of Service to Interruptible Customers (Continued)

3. Unauthorized Overrun Deterrent and Liquidated Damages Charge: (Continued)

The customer, in addition to taking all possible steps to stop such unauthorized takes of gas shall notify Company at once by phone or wire whenever a force majeure situation arises as a result of which the customer proposes to request waiver of the unauthorized overrun deterrent and liquidated damages charges, and shall furnish proof in writing satisfactory to Company, that such unauthorized gas volume takes were the direct result of such force majeure situation.

C. Emergency Repairs

The Company reserves the right to shut off gas at any time when such action is necessary for the purpose of making repairs or in case of any emergency. In such case, Company shall make every reasonable effort to restore service at the earliest practical moment. Any interruption of service will not relieve customer from any charges for service which has actually been rendered.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

17. TITLE

The Company warrants the title to the natural gas delivered and that it has good right and lawful authority to sell the same.

18. LIABILITY OF PARTIES

Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company and the customer each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party. Unless otherwise defined in writing between the customer and the Company, with such writing duly filed and approved by the Commission, the Company will use reasonable care to provide an uninterrupted and regular supply of service, and the Company shall not be liable for any losses, injuries or damages resulting from any interruption, disturbance, deficiency or imperfection of service unless and to the extent they are due to wilful misconduct or gross negligence on its part. In no event shall the Company be liable for any loss of profits or other consequential damages resulting from the use of service or from an interruption, disturbance, deficiency or imperfection of service.

The Company shall not be liable to the customer for its failure to deliver gas and the customer shall not be liable to the Company for its failure to receive gas when such failure on the part of either shall be due to accident to or breakage of pipelines, machinery or equipment, fires, floods, storms, weather conditions, strikes, riots, legal interferences, act of God or public enemy, shutdowns for necessary repairs and maintenance, failure or curtailment of gas supply or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that if the customer fails to take and receive gas made available for delivery by Company, customer shall nonetheless be charged the minimum bill as provided for and defined in the Commission approved rate schedule under which customer is served. The Company shall not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of gas after same has passed through the Company's meter herein defined as "point of delivery," nor for defects in the customer's piping or appliances. Neither shall the Company be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source, curtailments or reallocations by regulatory authorities with jurisdiction, or the inability to maintain capacity to meet gas requirements hereunder at the time.

It is the customer's responsibility to provide and maintain in good working order all pipes and valves to take the gas from the said meter, and all equipment used in the burning of the said gas, and shall also provide and maintain in good working order all vents necessary to efficiently take all gas fumes (including unburned gas, if any) to the outside air.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

19. GOVERNMENTAL ACTION AND AUTHORITY:

A. Regulatory Action

The purchase and sale of gas by the Company is subject to all valid legislation with respect thereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. The Company reserves the right to make and to file with any and all duly constituted authorities having jurisdiction, changes in terms and conditions of service or new terms and conditions including, but not limited to, changes in rates or new rates.

The Company shall permit the staff of duly constituted authorities having jurisdiction to inspect during regular business hours, all of the Company's operations and records relating to customer service in Minnesota.

B. War and National Defense

During any period in which a state of war exists between the Untied States and any foreign power, both customer and the Company shall recognize that the national defense is paramount to any contractual obligations then existing between them and notwithstanding the provisions of any such contract, neither shall assert, nor be required to assume, any obligation which is inconsistent with or contrary to any governmental policy, rule, regulation or order made, issued or promulgated in the promotion thereof.

20. ALTERATIONS OF RULES AND REGULATIONS

No agent or employee has the right to modify or alter the application, rates, terms and conditions of these rules and regulations or the tariff of which they comprise a part or to make any promises or representations not contained herein or in supplements and revisions hereto, except by following the regular procedures for tariff changes as specified by the Minnesota Department of Commerce.

# EXTENSION OF NATURAL GAS SERVICE

## 1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

### A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Designation 9.A.3 of these Rules and Regulations.

   (a) New residential service except as exempted in A.2 below.

   (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.

   (c) Commercial service, new and expanded requirements except as exempted in A.2 below.

   (d) Industrial service - new and expanded requirements.

2. Applications for natural gas service are not required for:

   (a) Additions to base load appliances for clothes drying, water heating and cooking.

   (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.

3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.

4. All applications will be reviewed by Company's management and shall be processed in the following manner:

   (a) Approved.

   (b) Denied.

   (c) Retained for future use, subject to cancellation by applicant.

5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will be Considered for Attachment

1. New Service:

(a) Residential Customers Based on the Following Conditions:

(i) Natural gas will be used for approved residential purposes in a single family and/or multifamily dwelling when individually metered, or master metered dwelling units where either a) or b) below prevent individual metering of service.

a) Gas is used in centralized heating, cooling, water heating or ventilation units.

b) Where individual metering is impractical, unreasonable, or uneconomical.

(ii) If an alternate form of energy other than solar is used for heating, it must provide 100% of peak day heating requirements.

(iii) Application approvals will be based on the date of pending applications, providing the above conditions are met and appropriate certifications are provided by owner.

(b) Firm Commercial and Industrial Service Based on the Following Conditions:

(i) Natural gas will be used for approved commercial and industrial purposes. This excludes gas used for irrigation, alfalfa dehydration and grain drying.

(ii) Customer's total requirement must be less than 200 dekatherms on a peak day.

(iii) If an alternate form of energy other than solar is used, it must provide 100% of peak day heating requirement.

(iv) Customer must comply with heat loss or insulation standards established by Federal or State mandate or as Company may establish in its tariff.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(c) Interruptible Service Based on the Following Conditions:

(i) Company determines that the anticipated revenue from the new load is sufficient to prevent undue burden on existing ratepayers and conditions justify such service.

(ii) Load to be connected must not be prohibited by the connection policy of the pipeline supplier or be in violation of any end use standards promulgated by State or Federal agencies.

(iii) Applicants for service must agree to comply with all provisions of the service line extension policy described in Section IX.2 of this tariff.

(d) Rural and Agricultural service to Right-of-Way Grantors in accordance with easement agreements executed with the supplier under the following conditions:

(i) Applications for service must refer to and be based upon an easement clause which grants a right to a tap on the pipeline constructed pursuant to the easement.

(ii) Applicant must be the Grantor of the easement, or his successor or assignee.

(iii) The pipeline tap must be on a part of the property described in the easement.

(iv) The right to the tap set forth in the easement may not have been previously exercised.

(v) The volume of gas to be delivered through the tap may not exceed the smaller of the capacity of the initially installed small volume meter or the limits established by the wholesale supplier for small volume users.

(vi) Supplier must obtain requisite regulatory authority to make the sale.

EXTENSION OF NATURAL GAS SERVICE

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES (Continued)

B. Applications Which Will Be Considered for Attachment (Continued)

1. New Service: (Continued)

(vii) Gas delivered through the tap will not be resold to others by the Applicant or any of his successors.

(viii) Gas delivered will not be used for such commercial services as grain drying.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES

A. Residential Stand-Alone Service Extensions

For residential services added in an existing service area where no main extension is required and no prior feasibility study included the proposed service line, Company will, without requiring a contribution in aid of construction, provide 75 feet of service line to a permanent structure using gas for primary space heating, as measured from the customer's property line and subject to Company operating standards. Service line extensions beyond 75 feet will require a contribution in aid of construction, which shall be determined based on the incremental cost of the additional footage, not to exceed $5.00 per foot.

For residential service extensions to a structure that does not use gas for primary space heating, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

(a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and

(b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

B. Service Extensions

For residential customers where both a main and service extension is required and for all extensions to serve commercial and industrial customers, regardless of whether a main extension is involved, the Company will conduct a feasibility study described in paragraph C to determine the amount of any required contribution in aid of construction. At its option, the Company may recover the amount of the contribution in aid of construction from the developer or directly from the customer. When longer than typical service lines are omitted from the feasibility study for a particular development, the Company shall determine the contribution in aid of construction for the individual, longer service lines based on the incremental cost of the additional footage in excess of the typical footage used in the study for that development and shall recover the contribution in aid of construction from the individual customer served by the longer service line.

If abnormal conditions, such as rock, make it impractical in the Company's opinion to install a gas service line and at the same time satisfy all safety requirements, the Company may refuse to install a gas service line to the premises. Where such a situation exists and it is possible to install a gas service line by special design or extra construction and such gas service line can be installed safely, the Company will design and install the gas service line to suit the particular circumstances, provided the following conditions are met:

(a) The design, arrangement, and location of the gas service line are accepted and approved by the applicant; and

(b) The applicant agrees to pay the Company for all abnormal construction costs including the cost of casing, if required.

The Company will conduct a feasibility study described in paragraph C to determine abnormal construction costs.

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover these costs from existing ratepayers.

C. Feasibility of Mains and Services

In determining whether the expenditure is economically feasible, the Company shall take into consideration the total cost of serving the applicant including, but not limited to, the total investment, including mains and service related investment, the annual volume of gas to be sold, operating and maintaining expenses, margin, the acceptable level of return on the required investment, and potential for additional sales through the new facility. The specific uniform factors used by the Company in conducting its feasibility analysis along with a description of the current feasibility model are contained as an exhibit to the General Rules, Regulations, Terms and Conditions portion of this tariff. The Company will not use other uniform factors or change the feasibility model without filing an amended exhibit. Company will apply the general principal that the rendering of service to the applicant shall not result in undue burden on the other customer. If a contribution in aid of construction is required, it will be based on the results of the feasibility model.

# EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charge

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by November 31 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by such date, the anticipated winter construction charges will be included in determining the feasibility and any necessary contribution in aid of construction. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes.

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Included within the base winter construction charge and the frost charge are the use of any thawing devices or other equipment required to install as needed.

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s). Current winter construction charges are as follows:

- Winter Construction Charge: $5.28 (7 County Metro), $4.76 (out-state) per lineal foot;
- Frost Charge: $5.81 (7 County Metro), $5.55 (out-state) per lineal foot.

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a one time charge of $264.03 regardless of the number of thawing devices required.

E. Extension of Mains - Limitations

The Company reserves the right to refuse to install its facilities in or to any lot, tract or area if in the Company's judgment it is not economically feasible per the tariffed feasibility models, is not safe for the Company's personnel, the customer, or the general public, or the lot, tract, or area is located remotely from the Company's other general service areas such that effective service, operations, or emergency response capabilities are impacted.

Issued By: DM Derricks
Asst. Vice President, Regulatory Services
Submittal Date: January 21, 2015
*Effective with bills issued on and after this date.
*Effective Date: April 1, 2015
Proposed Effective Date: April 1, 2015

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

F. Title To Facilities

Title to all facilities herein provided for, together with all necessary right-of-way, permits and easements shall be and remain in the Company. As a condition of receiving service, the customer shall grant to the Company, without cost, all rights-of-way, easements, permits and privileges which are necessary for the rendering of gas service.

G. Exhibits

Exhibit For Main and Service Extension Feasibility Model

The Company has developed the following feasibility model to be used to determine if a contribution in aid of construction is required by the customer. Economic feasibility is determined by a combination of 10-year Net Present Value (NPV) and 5-year Return On Equity (ROE) calculations.

The following provides a sample of the model the Company will use in conducting its feasibility study, when one is required pursuant to Section IX.2 of its tariff, including a description of the project-specific inputs required, the current applicable rates used in the calculations and the outputs generated. A copy of the feasibility study actually conducted for a project will be retained by the Company in the corresponding job file.

Input Screen:

Line 3: Project Name: Enter the project name.

Line 8: Projected Number of Incremental Residential Customers – Enter the incremental number of residential customers projected for each year of the project. (To be determined by Sales or Operations personnel based on past experience with developer, geographic location, economy, etc.).

Line 9: Total Residential Customers Per Project – Calculated by model.

Line 10: Per Average Residential Customer Dekatherm Usage – Enter the average annual usage per residential customer. (To be determined annually based on recent history of weather normalized consumption data).

Line 11: Margin Per Dekatherm – Current distribution charge for residential customers as specified by tariff.

Line 12: Monthly Residential Customer Charge – Current monthly customer charge for residential customers as specified by tariff.

Line 15: Enter YES if model is being used to analyze a single Commercial/Industrial customer with escalating usage over time.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 16: Projected Number of Incremental Commercial/Industrial Customers – Enter the incremental number of Commercial/Industrial customers projected for each year of the project. (To be determined by Sales or Operations personnel based on input from prospective customer(s), geographic location, economy, etc.).

Line 17: Total Commercial/Industrial Customers Per Project – Calculated by model.

Line 18: Per Average Commercial/Industrial Customer Dekatherm Usage – Enter the average annual usage per Commercial/Industrial customer.

Line 19: Margin Per Dekatherm – Current distribution charge for Commercial/Industrial customers as specified by tariff.

Line 20: Monthly Commercial/Industrial Customer Charge – Current monthly customer charge for Commercial/Industrial customers as specified by tariff.

Line 24: From Customer Estimate Form: Capital investment carried forward from electronic Customer Estimate Form if used.

Line 26: Infrastructure Cost – Mains – Enter the estimated infrastructure costs for mains. (As calculated by Operations/Engineering personnel).

Line 27: Cost Per Residential Customer – Services – Enter the estimated average cost per residential service associated with the project. (As calculated by Operations/Engineering personnel based on historic information and/or information provided by developer).

Line 28: Cost Per Commercial/Industrial Service – Services - Enter the estimated average cost per Commercial/Industrial service associated with the project. (As calculated by Operations/Engineering personnel based on historic information).

Line 29: Customer Contribution (if required) – Customer contribution required, calculated by the model on Line 69.

Line 33: Cost Per Residential Customer – Other – Enter any extraordinary costs associated with residential customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 34: Cost Per Commercial/Industrial Service – Other - Enter any extraordinary costs associated with Commercial/Industrial customers. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising/brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Line 36: Customer Acquisition Costs – Direct "Fixed" - Enter any extraordinary costs associated with the project that are non-customer specific. (To be determined by Sales or Operations personnel based on project-specific information). Examples of extraordinary costs are sales expense (advertising brochures), sales labor/expenses or contract sales expense for new town piping, etc.

Output Screen:

The Output Screen contains calculations from the Input Screen and Support Screen.
Line 45: Projected Margins From Residential Customers: (margin/dekatherms x accumulated residential usage volume) + (monthly customer charge x accumulated number of residential customers x 12 months).

Line 46: Projected Margins From Commercial/Industrial Customers: (margin/dekatherms x accumulated Commercial/Industrial usage volume) + (monthly customer charge x accumulated number of Commercial/Industrial customers x 12 months).

Line 47: Total Margins From Project: Projected Margins From Residential Customers + Projected Margins From Commercial/Industrial Customers.

Line 51: Total Incremental Investment By Year: Estimated main cost, Line 26 + (projected number of residential customers, Line 8 x estimated cost per residential service, Line 27) + (projected number of Commercial/Industrial services, Line 16 x estimated cost per Commercial/Industrial service, Line 28) + customer contribution, Line 69.

Line 52: Total Net Project Investment: Sum of all annual incremental investments.

Line 54: Total Other Costs Incurred (Variable & Fixed): Customer acquisition costs, Line 36 (direct fixed) + Line 33 (variable residential customer) + Line 34 (variable Commercial/Industrial customer).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 59: Net Present Value (NPV) @ 10 Years with Residual: Must be > 0 to be acceptable. The NPV is the derivation of the net cash flows from Line 103 for the first ten years of the project discounted by the rate found on Line 79 (8.15%).

Line 60: Net Present Value @ 10 Years without Residual: Net present value @ 10 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 61: Net Present Value @ 20 Years without Residual: Net present value @ 20 years calculated using targeted discount rate of 8.15% and projected cash net of project without residual value.

Line 63: Average R.O.E. @ 5 years: Average return on equity at 5 years. Must be greater than 11.5% to be acceptable. The numerator (Net Income) per Line 116 is the simple sum of the net income from the first five years of the project divided into the denominator (Average Common Equity) per Line 110 which is the simple sum of the average common equity for the first five years of the project.

Line 64: Average R.O.E. @ 10 years: Average return on equity at 10 years.

Line 67: This is the estimated Customer Contribution (calculated by the model) to close the gap between the calculated ROE for the project and the targeted ROE (11.5%) per Line 63. The formula for the estimated contribution is (E110)* (.115-H63)/E84 less (($N$79*(($E$82+$E$83+$E$86)/(1+$E$81)))/$E$84). This required contribution is calculated using the Goal Seek function (See Line 69). The required inputs are: Row 1) Set Cell input H67; Row 2) To Value, input "0"; and Row 3) by Changing Cell, input H69.

Line 69: Amount of Required Customer Contribution by Year Transferred to Input Screen (Line 29). Using a Microsoft/Excel software function (Goal Seek) the optimization of the project required contribution is calculated, that is the exact dollar amount, no more no less, to drive the project to the targeted ROE (11.5%) per Line 63. Typically the Customer Contribution will be collected in Year 1.

Line 73: Project Margins Allocated – Percentage of margins applied to incremental O&M and system/infrastructure costs (33%).

Line 74: Contract Length: Number of years used for calculations (30 years for residential).

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Support Screen:

Line 79: Targeted Discount Rate: Current value = 8.15%. ((50% x 11.5%) + ((50% x 8%) x (1 – tax rate)) = 8.15%).

Line 80: Effective Income Tax Rate: Current value = 40.00%.

Line 81: Statutory Income Tax Rate: Current value = 40.00%.

Line 82: Selected Depreciation Rate: 3.33% (30 year estimated life, unless contract length specified).

Line 83: Property Tax/Insurance Rate: Current value = 2.00%.

Line 84: Equity as a Percent of Capital: Current value = 50%.

Line 85: Long Term Debt as a Percent of Capital: Current value = 50%.

Line 86: Weighted Cost of Long Term Debt @ 8%: Current value = 4.00%.

Line 87: Cash Carrying Charge (Property Tax - Income Tax - (Depreciation x Income Tax) = 0.133%.

Line 89: Accumulated Number of Residential Customers: Brought forward from Input Page, Line 8, and accumulated at year-end for each year of the first ten years of the project.

Line 90: Accumulated Residential Usage Volumes: The average use per residential customer is brought forward from Input Page, Line 10, multiplied by the Accumulated Number of Residential Customers per Line 89 to calculate the accumulated usage for each year of the first ten years of the project.

Line 92: Accumulated Number of Commercial/Industrial Customers: Brought forward from Input Page Line 16, and accumulated at year-end of each year of the first ten years of the project.

Line 93: Accumulated Commercial/Industrial Usage Volumes: The average use per customer is brought forward from Input Page, Line 18, multiplied by the Accumulated Number of Commercial Customers per Line 92 to calculate the accumulated usage for each year of the first ten years of the project.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 96: “Cash Flow” is a description line (No input).

Line 97: Contribution to System Customers: A rate of 33% per Line 73 x Projected Margins per Line 47.

Line 98: Income Tax on Net Margins: Effective income tax rate per Line 80 x (projected margins per Line 47 less the contribution to system per Line 97).

Line 99: Cash Incoming: Projected margins per Line 47 less the calculated contributions to system per Line 97 less the calculated income tax on net margins per Line 98.

Line 100: Income tax on customer acquisition costs: Effective income tax rate per Line 80 x total other costs incurred per Line 54.

Line 101: Net Cash Carrying Charges: Cash carrying charge per Line 87 x Projected running gross plant in service per Line 107.

Line 102: Cash Outgoing: Total cash investment by year per Line 51 + total other costs incurred per Line 54 less tax on customer acquisition costs per Line 100 + net cash carrying charges per Line 101.

Line 103: Cash Net of Project (with residual value in yr 10): Cash coming in per Line 99 less cash going out per Line 102. The residual value is assumed to be equal to the gross plant invested for the project less the accumulated depreciation reserve at the end of year 10.

Line 104: Cash Net of Project (without residual value): Cash net of project per Line 103 less the calculated residual value (Gross Plant in Service less Accumulated Depreciation Reserve at year 10.

Line 107: Projected Running Gross Plant in Service: Total investment by year brought forward from Input Page, Line 51.

Line 108: Projected Running Net Plant in Service: Projected running gross plant in service per Line 51 less (projected running gross plant in service per Line 51 x depreciation rate per Line 82). The ending year calculation becomes the beginning year amount for the following year.

EXTENSION OF NATURAL GAS SERVICE

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

G. Exhibits (Continued)

Line 109: Projected Average Common Equity Balance: ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2) x equity as a % of capital, per Line 84.

Line 110: Projected Average Common Equity Balance First 5 Years: Sum of first 5 years of Line 109.

Line 111: Operating Book Income: Total margins from project per Line 47 less contribution to system per Line 97 less total other costs incurred per Line 54.

Line 112: Depreciation Expense: Depreciation rate per Line 82 x projected running gross plant in service per Line 107.

Line 113: Carrying Costs (Interest & Property Tax): (Property tax & insurance rate per Line 83 + weighted cost of long term debt per Line 86) x ((Projected running gross plant in service per Line 107 + projected running net plant in service per Line 108)/2).

Line 114: Statutory Income Tax: Statutory income tax rate per Line 81 x (operating book income per Line 111 less depreciation expense per Line 112 less carry costs per Line 113).

Line 115: Net Income Available for Shareholders: Operating book income per Line 111 less depreciation expense per Line 112 less carrying costs per Line 113 less statutory income tax per Line 114.

Line 116: Net Income Available for Shareholders First 5 Years: Sum of first 5 years of Line 115.

Line 117: Return on Equity: Net income available for shareholders per Line 116 / projected average common equity balance per Line 109.

Approval: Enter CIAC amount, name of person authorizing CIAC, and date authorized.

Comments: Describe all special or unusual situations connected to the project, the calculation of the feasibility, or the collection of the required CIAC. Also include any information used to determine the customer connection projection if different than the developer provided.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER

Availability:
Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:
All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:
As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes. The new area surcharge calculation includes the full life of all plant additions.

Method:
A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the cost of long-term debt authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero ($0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

1. The actual capital costs and projected remaining capital costs for the project,
2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

Term:
The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed fifteen (15) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:
The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of fifteen (15) years, whichever occurs first.

Revenue Requirements Model

Definitions:
All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

**Column/Description**
1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.

2) Year.

3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.

4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.

5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).

6) Average Net Plant: Average of Column 5.

7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.

EXTENSION OF NATURAL GAS SERVICE

3. <u>NEW AREA SURCHARGE RIDER</u> (Continued)

8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).

9) Allowed Return: cost of long-term debt as determined in the Company's most recent general rate proceeding.

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.

11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.

12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-ofconstruction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.

13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).

14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

EXTENSION OF NATURAL GAS SERVICE

3. NEW AREA SURCHARGE RIDER (Continued)

15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the cost of long-term debt established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self supporting." That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

Surcharge Rider Rates:
A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

| **Ely Lake Project** | |
|---|---|
| Residential | $34.10 |
| Existing Small Commercial | $34.10 |

Copies of the official tariff sheets are available at offices providing service under the tariffs, and at the governing state or national commission offices. The information available here attempts to be materially the same, but should there be any discrepancies, in all cases the official tariffs on file with the governing commission will hold over these documents.

**DOCUMENTS INCLUDED IN THIS FILE:**

**MERC**

# Minnesota Energy Resources Corporation
## JOINT AFFIDAVIT FOR FIRM TRANSPORTATION CUSTOMERS

**STATE OF** )
) **ss.**
**COUNTY OF )**

[Name of individual signing for Customer] , [position] , of [Customer name] ("Customer") and [name of individual signing for Marketer] , [position], of [Marketer name] ("Marketer"), being duly sworn according to law depose and state:

1. Customer and Marketer represent to Minnesota Energy Resources Corporation ("MERC" or "Company") that one or both of them have and will maintain, or will have and maintain at all relevant times, firm transportation rights on transporting pipelines upstream of Company's natural gas distribution system in _______________ (Minnesota) to deliver on a firm basis all volumes of gas to Company for Customer's accounts identified on Exhibit "A" attached hereto.

2. In the event any such firm transportation rights are terminated or limited in any manner so that Customer and Marketer are unable to deliver gas to Company's natural gas distribution system as provided above, then Customer and Marketer shall immediately notify Company in writing sent by facsimile to the following number: __________________.

3. Customer and Marketer shall jointly and severally indemnify and hold Company harmless from all suits, actions, claims, debts, liabilities, accounts, damages, costs, losses, penalties and expenses (including attorney's fees and court costs) arising out of the failure of Customer and Marketer to maintain, or cause to be maintained, the firm transportation rights described herein.

4. This Affidavit shall be governed and construed in accordance with the laws of the State of Minnesota.

| **Marketer Name** | **Customer Name** |
|---|---|
| By:_______________________________________ | By:________________________________ |
| Title:_____________________________________ | Title:______________________________ |

Subscribed and sworn to before me this _________ day of _____________________ , 20___ by ____________________________ on behalf of _______________________________ (Customer) and ____________________________ on behalf of _______________________________ (Marketer).

__________________________________________
Notary Public

My Commission Expires:__________________________________________

**Exhibit "A"**
**Customer Firm Accounts**

**SMALL VOLUME INTERRUPTIBLE**
**NATURAL GAS SALES AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and __________________________ ("Customer").

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and customer hereby agrees to purchase and receive natural gas on an interruptible basis at the location and for the specific uses designated as follows: __________________________________________________

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's rate schedule _________ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Interruptible Nature of Sale.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means off alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of $20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a *force majeure* operating situation. A *force majeure* operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a *force majeure* operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the *force majeure* operating situation.

The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective on ________________, 20___, and shall continue in effect until _______________________, 20__, and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Interruptible Service.** Customer agrees to take interruptible service for the period November 1 through October 31. Customer may not transfer to non-interruptible service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices.** Notices to Company under this Agreement shall be addressed to it at its State office at PO Box 455, 2665 145th Street West, Rosemount, MN 55068-0455, and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

Title of person to be notified:___________________________________

*Telephone Number:*____________________________________

*Address:*____________________________________________

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **Regulatory Commission Authority.** This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

"Company" "Customer"

Minnesota Energy Resources Corporation ("MERC")

_______________________________
(*print name)*

| | |
|---|---|
| By:________________________________________ | By:____________________________ |
| Title:______________________________________ | Title:__________________________ |
| Date: ______________________________________ | Date:__________________________ |

**SMALL VOLUME TRANSPORTATION**
**SERVICE AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ________________________________________ ("Customer").

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service will be provided on a firm basis and contingent upon adequate system capacity only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer's gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such Customer is interrupted. At Company's request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capability and adequate fuel supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations**: Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company's Gas Tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. All Small Volume Transportation Customers must install telemetry equipment or purchase the Small Volume Customer Balancing Service provided in Company's Tariff. Customer shall reimburse Company for the costs incurred by Company to install telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

3. **Charges**: Customer shall be responsible for and shall pay to Company the

following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time. |
| *Daily Firm Capacity Charge:* | If applicable, the amount is set forth in Customer's regular sales tariff schedule. |
| *Commodity Charge:* | All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.<br><br>Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule. |
| *Optional Services:* | The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:<br><br>Firm Backup Sales Service<br>Small Volume Balancing Service<br>Aggregation Service |

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (See Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation ("MERC")<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **Regulatory Commission Authority**: The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledgement of Transportation Risks**: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company,

Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| **Minnesota Energy Resources Corporation ("MERC")** | **"Customer"** |
|---|---|
| | ______________________________ (print name) |
| By:______________________________ | By:______________________________ |
| Name:____________________________ | Name:____________________________ |
| Title:_____________________________ | Title:_____________________________ |

**SMALL VOLUME BALANCING**
**SERVICES AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________________ ("Customer").

WHEREAS, Customer and Company have entered into a Small Volume Transportation Service Agreement; and

WHEREAS, Customer desires Company to provide a daily balancing service; and

WHEREAS, Company is willing to provide such service pursuant to the terms and conditions provided below.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, the parties agree as follows:

1. **Availability.** Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company Tariff requirements for the installation of telemetry and daily scheduling requirements. Customer represents that it meets the service availability requirements for balancing services under this Agreement.

2. **Nominations.** Customer must submit a daily nomination to Company on the days the balancing services are used. Such nominations shall be made as provided in Company's tariff.

3. **MDQ Requirements; Penalties**. Under certain circumstances described below, Company may, at its option, require Customer to deliver its MDQ to the Receipt Point up to a cumulative 20 days during the months of November through March. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that the interstate pipeline calls a "Critical Day" or "Operational Flow Order," Customer must, without notice from Company, deliver its MDQ to the Receipt Point. In the event that Company calls a Critical Day or issues an Operational Flow Order, Company will notify Customer via fax that Customer must deliver its MDQ to the Receipt Point. Company will provide Customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to Customer, that Customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order.

If Customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order or the Company has called a Critical Day, then Company shall assess a penalty to Customer for each dekatherm that Customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow

Order and Customer fails to deliver its MDQ, then Company will assess a penalty to Customer in an amount equal to that identified in Sheet 6.09 of Company's Tariff for each dekatherm that Customer failed to deliver.

4. **Definitions**. Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in Company's Tariff. A "Critical Day", when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's Tariff and, when called by Company, is defined as any day during which, in the sole judgment of Company, service is limited due to capacity constraints, operational problems or any other cause. Service limitations include, but are not limited to, curtailment or interruption. A Critical Day may be declared with respect to any one or more delivery and/or receipt points. An "Operational Flow Order," when called by the interstate pipeline, has the meaning set forth in the interstate pipeline's tariff and, when called by Company is defined as notice issued by Company to Customer requiring the delivery of specified quantities of gas to Company for the account of Customer at times deemed necessary by Company to maintain system integrity and to assure continued service. An Operational Flow Order may be issued to the smallest affected area. For example, a single receipt point, receipt points on a pipeline or the entire system. Notwithstanding anything herein to the contrary, Company may curtail Customer with respect to the Interruptible MDQ only.

5. **Fee.** Customer shall pay Company 7.0¢ per dekatherm transported by Customer on Company's system for this balancing service.

6. **Term**. The term of this Agreement shall commence _______________, 20___, and continue until terminated by either party upon thirty (30) days prior written notice to the other party.

The parties have executed this Agreement as evidenced by their signatures below.

| "Company" | "Customer" |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | |
| By:_________________________________ | By:_________________________________ |
| Title:_______________________________ | Title:_______________________________ |

**ELECTION OF SMALL VOLUME BALANCING SERVICE**
**ADDENDUM TO**
**GAS TRANSPORTATION AGREEMENT**
**(MINNESOTA)**

This Addendum is made and entered into as of the _______ day of _________________, ______, by and between Minnesota Energy Resources Corporation (“MERC” or “Company”), and _________________________________________________ (“Customer”), and provides for an election of a Small Volume Balancing Service.

WHEREAS, Company and Customer have entered into a Gas Transportation Agreement dated _______________, ______ (the “Agreement”) and now desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, the parties hereto agree and acknowledge their execution of that Agreement and desire and agree that the following terms shall become a part of the Agreement by this Addendum as if originally included in the Agreement.

1. <u>Election of Company’s Small Volume Balancing Service</u>

Customer may elect and agree to the Small Volume Balancing Service as set forth in Company’s Gas Tariff, Sheet No. 6.08, on file with the Minnesota Public Service Commission, as indicated below:
_____ Customer elects to participate in Company’s Small Volume Customer Balancing Service
_____ Customer declines participation in Company’s Small Volume Customer Balancing Service

If Customer declines participation in Company’s Small Volume Customer Balancing Service, Customer understands and agrees that it shall be subject to and responsible for all balancing and scheduling charges and penalties contained in Company’s tariff, as the same may be amended from time to time. In addition, Customer shall reimburse and indemnify Company for all costs incurred by Company from the interstate pipeline transporter on Customer’s behalf.

2. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer’s Gas Transportation Agreement referenced above.

3. As amended by this Addendum, the Agreement is ratified and remains in full force and effect.

4. All charges, including, but not limited to, the Fixed Rate, Demand Charge, Commodity Charge, and all terms and conditions applicable to this Small Volume Balancing Service set forth in Company’s Gas Tariff, remain in full force and effect.

5. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the Agreement, and the terms and provisions of Company’s Tariff, the terms and provisions of Company’s Tariff shall control.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation (“MERC”)** | **<*Customer Name Here*>** |
| | Account #:___________________________ |
| By:________________________________________ | By:________________________________________ |
| Title:______________________________________ | Title:______________________________________ |

**SMALL JOINT FIRM/INTERRUPTIBLE**
**NATURAL GAS SALES AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________ ("Customer").

It is hereby agreed as follows:

1. **Gas to be Sold.** Company hereby agrees to sell and deliver and Customer hereby agrees to purchase and receive natural gas on a joint service firm-interruptible basis at the location and for the specific uses designated as follows: _________________________________.

2. **Terms of Sale.** Natural gas sold and delivered hereunder shall be furnished in accordance with Company's Rate Schedule ________ (attached as Exhibit A) and the applicable tariff rules, regulations, terms and conditions of service (which by this reference are made a part hereof) as filed with the appropriate regulatory authority in the State of Minnesota, as effectively modified from time to time by Company. Customer may inspect or obtain a copy of such rates, rules, regulations, terms and conditions upon demand directed to Company's State office.

It is specifically agreed that Company shall have the right to make and to file with the regulatory authority of the state in accordance with the rules and regulations of such regulatory authority and the applicable statutes of the state, such changes in rates and new rates or rate schedules as are required to enable Company to recover its cost of service including a fair return.

3. **Nature of Sales Joint Firm/Interruptible Service.**

(a) **Firm Gas ("Contract Demand Volumes").** The daily contract demand volume of firm gas to be delivered hereunder shall be _______ **dekatherms** and shall be the maximum volume of gas Company is obligated to deliver to the customer on any billing day.

(b) **Interruptible Gas**. On any given day customer may purchase volumes of gas in excess of the Firm gas volume in (a) above, when such additional volumes are available.

(c) **Curtailment.** Delivery of natural gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of Interruptible Gas (b) above and its need to either shut down its gas utilization equipment or switch to an alternate energy supply by means of alternate energy utilization equipment which is in place and operable.

Any volume of gas taken by a customer in excess of the authorized limitation specified by Company as a result of curtailment or interruption ordered hereunder shall be considered unauthorized volumes. Customer agrees to pay an overrun deterrent and liquidated damages charge of $20.00 per dekatherm for such unauthorized volumes. Such charge will be in addition to the normal rate for volumes consumed unless such volumes were taken because of a force majeure operating situation. A force majeure operating situation is defined as a situation involving unintentional runaway takes of gas directly resulting from fire, flood, earthquake, storm, impact by a falling or out-of-control object, explosion, riot, vandalism, war or insurrection. In the event of a force majeure operating situation, Customer shall notify Company at once and shall furnish proof in writing that the taking of such unauthorized volumes was a direct result of the force majeure operating situation. The payment for unauthorized volumes shall not give Customer the right to take unauthorized volumes, nor shall such payment exclude or limit any other remedies, including the discontinuance and disconnection of Service, available to Company against the Customer for failure to comply with its obligation to stay within its authorized limitations.

4. **Delivery Pressure.** Delivery of natural gas by Company shall be at such varying pressures as may exist under operating conditions in the pipeline of Company at the point of delivery.

5. **Term.** This Agreement shall become effective ____________________ and shall continue in effect until ________________________ and unless terminated on such date, shall continue in effect thereafter until cancelled by either party on ninety (90) days' prior written notice.

6. **Request to Transfer to Non-Joint Service**. Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. **Notices**. Notices to Company under this Agreement shall be addressed to it at its State office at 2665 – 145th Street West, P.0. Box 455, Rosemount, MN 55068 and notices to Customer, including notices of interruption as specified in Company's tariff terms and conditions, shall be directed to:

*Name of Person to be Notified:*_____________________________________
*Title of Person to be Notified:*______________________________________
*Telephone Number:*_______________________________________________
*Address:*_______________________________________________________

Either party may change its address or person to receive notice under this section at any time upon written notice.

8. **Succession and Assignment.** This Agreement and each of its terms shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

9. **Regulatory Commission Authority**. This Agreement is subject to, and conditioned upon, Company and/or its supplier, securing the necessary approval of any regulatory authorities having jurisdiction, for the sale of the natural gas contemplated hereunder, and the construction and operation of the necessary facilities required to deliver said natural gas.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | Customer<br>___________________________________<br>(*print name*) |
| By:________________________________ | By:________________________________ |
| Title:______________________________ | Title:______________________________ |

# LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT (Minnesota)

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ________________________________________ ("Customer").

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible or joint firm/interruptible basis by Company. Service hereunder shall be offered on an interruptible or joint firm/interruptible basis. Service will be provided on a firm basis contingent upon adequate system capacity and only if Customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and Customer has provided to Company a joint affidavit confirming this signed by Customer and, if applicable, Customer's gas supplier. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such Customer is interrupted. At Company's request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company's Gas Tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges**: Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time. |
| *Daily Firm Capacity Charge:* | If applicable, the amount is set forth in Customer's regular sales tariff schedule. |
| *Commodity Charge:* | All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.<br><br>Additional costs will be assigned as they are authorized by the FERC or the MPUC to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all volumes delivered from system gas supply shall be charged the rate set forth in the appropriate Company's sales tariff schedule. |
| *Optional Services:* | The following services, described in Company's Tariff sheet 6.07 and 6.08, are available at Customer's option:<br><br>Firm Backup Sales Service<br>Small Volume Balancing Service |

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the

delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation (“MERC”)<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **Regulatory Commission Authority**: The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **Acknowledgement of Transportation Risks**: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| | Customer |
| **Minnesota Energy Resources Corporation („MERC")** | ______________________________ (*print name*) |
| By:______________________________ | By:______________________________ |
| Title:______________________________ | Title:______________________________ |

LARGE JOINT FIRM/INTERRUPTIBLE
GAS SALES AGREEMENT
(Minnesota)

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________________ ("Customer").

WHEREAS, Customer desires to obtain natural gas service from Company and Company is willing to provide such service on the terms and conditions set forth herein. NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**. Service under this Agreement is available to customers who qualify for service under Company's Rate Schedule ____ ("Rate Schedule"), which is a part of Company's tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer represents that it meets the service availability requirements for service under this Agreement.

2. **Service Considerations**. During the term of this Agreement, Company shall be Customer's exclusive natural gas distributor. Service hereunder will be for a base of firm gas volume, supplemented by interruptible volumes.

This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company's Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC ( "General Terms and Conditions"). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Gas To Be Sold**. Company agrees to sell firm and/or interruptible gas and deliver gas to Customer, and Customer agrees to purchase and receive such gas for its own use for the following purpose, namely: __________________________________.

a. Firm Gas Sales: The daily Contract Demand volume of firm gas to be delivered hereunder shall be ______ MMBtu and shall be the maximum volume of gas Company is obligated to deliver to Customer on any billing day.

b. Interruptible Sales: On any given day Customer may purchase volumes of gas in excess of the firm gas entitlement when such additional volumes are available.

Delivery of gas hereunder is subject to curtailment or interruption whenever required by Company or its supplier for the protection of deliveries of firm gas or deliveries of other gas carrying a higher priority than that delivered hereunder. Customer recognizes the interruptible nature of the service and acknowledges its responsibility either to shut down its plant operations or to maintain complete standby facilities and alternate fuel supply to maintain plant operations during full or partial curtailment or interruption of service hereunder. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so.

4. **Charges**. Customer shall be responsible for and shall pay to Company the charges applicable to the service provided hereunder as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Contract Demand Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

5. **Term**. The primary term of this Agreement shall commence on _____________, 20____, and shall continue in effect until _____________, ______ and thereafter until terminated by either party upon six (6) months written notice.

6. **Penalty For Unauthorized Takes When Service is Interrupted**. If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 4 above, plus either the applicable charge from the transporting pipeline (see Sheet No. 6.50 of the Tariff) or $20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 4 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

7. **Billing and Payment**. Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of $10.00 and shall be the greater of $1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

8. **Request to Transfer to Non-Joint Service**. Customer agrees to take joint firm/interruptible service for the period November 1 through October 31. Customer must maintain joint gas service and must nominate a DFC for the entire November through October period. Customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. Customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

9. **Notices**. Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses specifically provided in this Agreement or, if not so provided, to the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation (“MERC”)<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

10. **Commission Authority**. The provisions of this Agreement are subject to Company’s Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company’s Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

11. **Entire Agreement**. This Agreement and Company’s Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

**Minnesota Energy Resources Corporation**
**“MERC”**

“**Customer**”

________________________________
(*print name)*

By:________________________________

Name:______________________________

Title:______________________________

By:___________________________

Name:_________________________

Title:_________________________

**SUPER LARGE VOLUME TRANSPORTATION**
**SERVICE AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ________________________________________ ("Customer").

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability**: Service under this Agreement is available to any non-general service customer who purchases gas supplies that can be transported on an interruptible basis by Company. Interruptible transportation is available only if Customer has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such Customer is interrupted. At Company's request, Customer must demonstrate that it has such capability and fuel supplies and a Human Needs Customer must provide an affidavit that it will maintain both the proven capacity and adequate full supplies. Customer represents that it meets the service availability requirements for transportation service under this Agreement.

2. **Service Considerations:** Service hereunder is provided by Company pursuant to its Transportation Rate Schedule, Sheet Nos. 6.00 through 6.09 and pursuant to the General Rules, Regulations, Terms and Conditions, all as contained in Company's Gas Tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to Customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherms, may request, in writing, a waiver of the telemetry requirements.

3. **Charges**: Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

| | |
|---|---|
| *Customer Charge:* | $110.00 per month per metered account for administrative costs related to transportation, plus the monthly Customer charge per |

account according to the applicable sales rate schedule for which Customer would otherwise qualify, subject to change as may be approved by the MPUC from time to time.

*Daily Firm Capacity Charge:* If applicable, the amount is set forth in Customer's regular sales tariff schedule.

*Commodity Charge:* All volumes received by Customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for Customer as shown on Sheet 7.07, Column D of Company's Tariff. In addition, Customer must pay for all fixed gas costs assigned to Customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following: Daily Firm Capacity Charges, and Annual Cost Adjustment Charges.

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

*Optional Services:* The following services, described in Company's Tariff sheet 6.07, are available at Customer's option:

Firm Backup Sales Service
Aggregation Service

Customer has initialed which of the above listed optional services, if any, are desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff. Customer shall, upon request of Company, execute such agreements, as Company deems necessary or appropriate to effectuate the above services.

4. **Term**: This Agreement shall remain in effect for a primary term of ______ (__) years from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. **Balancing**: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing volumes consumed at the delivery points with deliveries to Company's system. Failure to fulfill these responsibilities will result in Customer incurring balancing and/or scheduling charges described in Company's Transportation Rate Schedule, which charges shall be in addition to any Company charges, and

which charges shall change as the interstate pipeline changes its rates.

6. **Pipeline Charges; Capacity Assignment**: Any charges which Company incurs from a pipeline on behalf of Customer will be passed through to Customer. Such charges may include but are not limited to any other charges referenced in Sections 5 and 8 of this Agreement.

7. **Nominations**: If Customer desires volumes to flow on the first day of the month, Customer must directly advise Company's Gas Supply Services Division, by facsimile or telephone notice at the address and telecommunications numbers provided in Section 10, by 9:00 a.m. (Central Clock Time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on Customer's behalf.

For intra month nomination changes, to be effective at 9:00 a.m. (Central Clock Time), Customer must directly advise Company's Gas Supply Services Division by 9:00 a.m. (Central Clock Time) on the day preceding the effective date of the nomination change. Intra day nominations will be accepted by Company on a best efforts basis, until 3:00 p.m. (Central Clock Time) on the day of gas flow if the nomination is confirmed by the interstate pipeline.

8. **Penalty for Unauthorized Takes When Service is Interrupted or Curtailed**: If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed at the transportation charge, plus the cost of gas Company secures for Customer, plus the greater of either pipeline daily delivery variance charges (see Sheet 6.50 of Company's Tariff) or $20 per dekatherm for gas used in excess of the volumes of gas to which Customer is limited. Company may in addition disconnect Customer's supply of gas in the event of Customer's failure to curtail its use thereof when requested by Company to do so (see Sheet 6.09 of Company's Tariff).

9. **Billing and Payment**: Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on the past due amount and shall not exceed one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

10. **Request to Transfer to Sales Service:** Customer agrees to take transportation service for the period November 1 through October 31. Customer may not transfer to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

11. **<u>Notices</u>:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation ("MERC")<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

12. **<u>Regulatory Commission Authority</u>**: The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

13. **<u>Acknowledging of Transportation Risks:</u>** Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

(a) the risk that unless Customer buys firm backup sales service from Company, Company is not obligated to supply gas to Customer;

(b) the risk that Customer may incur penalties for unauthorized takes described in Section 14 of Company's Tariff Sheet No. 6.09, balancing and scheduling charges pursuant to Section 7 of Company's Tariff Sheet No. 6.03, and any charges Company incurs from the pipeline on behalf of Customer; and

(c) that Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

14. **Entire Agreement:** This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation "MERC"** | "**Customer**"<br>______________________________<br>(*print name)* |
| By:________________________________ | By:___________________________ |
| Name:______________________________ | Name:_________________________ |
| Title:_______________________________ | Title:__________________________ |

**FIRM BACKUP SALES**
**SERVICE AGREEMENT**
**(Minnesota)**

This Agreement is between Minnesota Energy Resources Corporation ("MERC" or "Company") and ______________________________________ ("Customer").

WHEREAS, Customer desires to obtain firm backup sales service from Company and Company is willing to provide such service on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. **Availability.** Service under this Agreement is available to customers who are currently transporting gas under Company's Transportation Rate Schedule Sheet No. 6.00 through 6.09 ("Rate Schedule"), which is a part of Company's tariff on file with the Minnesota Public Utilities Commission ("MPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff").

2. **Service Considerations**. This Agreement in all respects shall be subject to the applicable provisions of the Rate Schedule and the General Rules, Regulations, Terms and Conditions of Company's Tariff on file with the MPUC, or any effective superseding General Terms and Conditions on file with the MPUC ("General Terms and Conditions"). Gas sold and delivered hereunder by Company shall not be resold by Customer to a third party. In case of any discrepancy between the terms of this Agreement and the General Terms and Conditions, the General Terms and Conditions shall control.

3. **Rate**. Customer shall be responsible for and shall pay to Company for the service provided hereunder the firm sales rate applicable to Customer plus the appropriate daily firm capacity charge for the applicable class of sales service, multiplied by Customer's MDQ of _____ dekatherm, plus the monthly customer charge applicable to Customer, all as set forth in Company's Tariff, as the same may be amended, modified or superseded from time to time.

Customer's minimum monthly bill will be the sum of the Customer Charge, Daily Firm Capacity Charge and Commodity Charge, subject to change in accordance with the Company's Purchased Gas Adjustment-Uniform Clause contained in the Tariff.

4. **Term**. The primary term of this Agreement shall commence on _____________, 20___, and shall continue in effect until _____________, 20___, and thereafter until terminated by either party upon six (6) months written notice.

5. **Penalty For Unauthorized Takes When Service is Interrupted**. If Customer fails to curtail its use of gas hereunder when requested to do so by Company, Customer shall be billed the applicable charges in paragraph 3 above, plus either the applicable charge from the

transporting pipeline or $20.00 per dekatherm so taken, whichever is greater. However, if Customer is served off Northern Natural Gas Company's pipeline, and if Northern calls a Critical Day, Customer shall be billed for all commodity volumes at the applicable rate in paragraph 3 plus the then current Critical Day daily delivery variance charge ("DDVC") for each dekatherm so taken when service is interrupted.

6. **Billing and Payment**. Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment.

The bill shall be considered rendered to Customer when deposited in the U.S. Mail with postage prepaid. If delivery is by other than U.S. Mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. Bills become delinquent if not paid within seventeen (17) days after rendering of the bill. When Customer payments are made by mail, bills will be considered as having been paid on the date of mailing as shown by postmark.

Late payment penalties are assessed on past due amounts in excess of $10.00 and shall be the greater of $1.00 and one and one-half percent (1½%) per month of the past due amount. The penalty date shall be not less than seventeen (17) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. Mail payments are considered to have been paid on the date of the postmark. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended to the next normal working day before the penalty is assessed.

7. **Daily Firm Capacity Nomination**: Customer agrees to take firm backup sales for the period November 1 through October 31 and must nominate a DFC for the entire November through October period. Customer may not change its daily firm capacity nomination until the next November 1st and must notify the Company in writing at least ninety days prior to the change.

8. **Notices.** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

| Company: | Customer: |
|---|---|
| Minnesota Energy Resources Corporation ("MERC")<br>Attention:<br>Address:<br><br>Telephone:<br>Fax: | Company:<br><br>Attention:<br>Address:<br><br>Telephone:<br>Fax: |

9. **Commission Authority**. The provisions of this Agreement are subject to Company's Tariff, all valid legislation with respect to the subject matter hereof, and to all present and future orders, rules, and regulations of the MPUC and any other regulatory authorities having jurisdiction over (i) the sale of natural gas contemplated hereunder or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates or new rates or any other changes to Company's Tariff, and that Customer shall be bound by such changes or new rates as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

10. **Entire Agreement**. This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement as evidenced by their signatures below.

| | |
|---|---|
| **Minnesota Energy Resources Corporation ("MERC")** | Customer<br>________________________________<br>(*print name*) |
| By:______________________________ | By:______________________________ |
| Title:____________________________ | Title:____________________________ |

**ELECTION OF LARGE VOLUME BALANCING SERVICE**
**ADDENDUM TO**
**LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT**

This Addendum is made and entered into as of the _______ day of _________________, ______, by and between Minnesota Energy Resources Corporation ("MERC" or "Company"), and _________________________________________ ("Customer").

WHEREAS, Company and Customer have entered into a Large Volume Transportation Service Agreement dated _______________, ______ (the "LVTS Agreement");

WHEREAS, Customer desires to participate in the Large Volume Balancing Service Program; and WHEREAS, Company and Customer desire to amend the LVTS Agreement as provided herein.

NOW, THEREFORE, in consideration of the above premises and the covenants contained here, Company and Customer agree as follows:

1. Service Description. Customer elects to participate in the Large Volume Balancing Service ("LVBS") Program as set forth in Company's Tariff, Sheet No. 6.08, on file with the Minnesota Public Utility Commission ("MPUC"), subject to change as may be approved by the MPUC from time to time. The LVBS allows Customer's daily usage to vary from its nomination by the amount of service Customer chooses to purchase. Customer chooses to purchase the following number of units of the LVBS:

Number of Units: ___________ Customer's/Representative's Initials: _________

2. Term. This Addendum shall commence on the date written above and shall remain in effect through the same term stated in Customer's LVTS Agreement referenced above.

3. Price. The price for the LVBS is set forth in Company's Tariff, subject to change as may be approved by the MPUC from time to time.

4. Limitations. The LVBS will not be available on pipeline SOL, SUL, or Critical Days, days Company issues a Curtailment Day, or any other day Company determines, in its sole judgment, that LVBS would be detrimental to its General Service customers.

5. Miscellaneous. As amended by this Addendum, the LVTS Agreement is ratified and remains in full force and effect. In the event of any inconsistencies between the terms and provisions of this Addendum, the terms and provisions of the LVTS Agreement, and the terms and provisions of Company's Tariff, the terms and provisions of Company's Tariff shall control. Any terms not defined herein shall have the meaning ascribed to them in Company's Tariff.

The parties have executed this Addendum as evidenced by their signature below.

**Minnesota Energy Resources Corporation ("MERC")**

By:_______________________________________

Title:_______________________________________

**Name:**_______________________________________

**Account #:**_________________________________

By:_______________________________________

Title:_______________________________________

# Schedule C

# Proposed Customer Notices

**Schedule C**

# IMPORTANT INFORMATION
about your natural gas rates

# NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by the Centra, Great Lakes and Viking Pipelines


## Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of $10.5 million or 4.09%, began on January 1, 2014. Since the final increase is less than the interim rate increase, Minnesota Energy Resources will refund any difference between these amounts with interest.

## Reasons For The Increase

Minnesota Energy Resources requested this increase due to increased costs for customer service functions and conservation programs.

## How The Rate Change Will Affect Monthly Bills

The MPUC's October 28, 2014 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

**Please see inside for an explanation of how the changes will impact your natural gas bill.**

## For More Information

If you would like more information, please visit us online at **minnesotaenergyresources.com**, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

## An Explanation Of Changes To Your Natural Gas Rates

On September 30, 2013, Minnesota Energy Resources requested permission to increase its natural gas rates by approximately $14.2 million, or about 5.52%.

On October 28, 2014, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately $7.6 million, or 3.0%, beginning April 1, 2015.

Under the MPUC's October 28, 2014 Order, the fixed customer charge for residential customers will increase from $8.50 to $9.50 per month, and the distribution charge will increase to $0.21806 per therm. These rates are effective on January 2015 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 71 therms of natural gas per month will see a $2.50 increase on their monthly bill.

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XXXX-30950-I-XXXX

MINNESOTA ENERGY RESOURCES®

## CHANGE IN AVERAGE MONTHLY BILLS

| Customer Class | Average Monthly Usage (Therms) | Present Monthly Bill* | Proposed Monthly Bill |
|---|---|---|---|
| General Service - Residential Sales | 71 | $68 | $71 |
| General Service - Small Commercial & Industrial Sales | 83 | $74 | $77 |
| General Service - Large Commercial & Industrial Sales | 634 | $474 | $482 |
| Small Volume Interruptible Sales | 4,735 | $2,743 | $2,656 |
| Large Volume Interruptible Sales | 51,846 | $25,025 | $25,546 |
| Small Volume Joint Sales | 4,049 | $2,479 | $2,415 |
| Small Volume Interruptible Transportation | 12,482 | $1,520 | $1,310 |
| Small Volume Joint Transportation | 7,259 | $1,089 | $1,003 |
| Large Volume Interruptible Transportation | 92,089 | $3,556 | $4,521 |
| Large Volume Joint Transportation | 55,501 | $2,640 | $3,272 |
| Super Large Volume Interruptible Transportation | 404,167 | $3,805 | $3,895 |

*The present rate levels identified represent the rates authorized in Docket Nos. G007,011/GR-10-977

## APPROVED NEW CHANGES FOR MONTHLY CUSTOMER CHARGE AND THE PER THERM GAS DISTRIBUTION CHARGE

**This chart shows the current and approved customer charge and distribution charge for each customer class.**

| Customer Class | Current Customer Charge* | Approved Customer Charge* | Current Distribution Charge** | Approved Distribution Charge** |
|---|---|---|---|---|
| General Service - Residential Sales | $8.50 | $9.50 | $0.19754 | $0.21806 |
| General Service - Small Commercial & Industrial Sales | $14.50 | $18.00 | $0.18525 | $0.18116 |
| General Service - Large Commercial & Industrial Sales | $35.00 | $45.00 | $0.16868 | $0.16579 |
| Small Volume Interruptible Sales | $150.00 | $165.00 | $0.10647 | $0.08490 |
| Large Volume Interruptible Sales | $175.00 | $185.00 | $0.03568 | $0.04553 |
| Small Volume Interruptible and Joint Transportation | $220.00 | $275.00 | $0.10647 | $0.08490 |
| Large Volume Interruptible Transportation | $245.00 | $295.00 | $0.03568 | $0.04553 |
| Large Volume Interruptible Transportation - CIP Exempt | $245.00 | $295.00 | $0.02055 | $0.02105 |
| Large Volume Joint Transportation | $245.00 | $295.00 | $0.03568 | $0.04553 |
| Super Large Volume Joint Transportation | $370.00 | $460.00 | $0.00420 | $0.00420 |
| Super Large Volume Interruptible Transporation - CIP Exempt | $370.00 | $460.00 | $0.00850 | $0.00850 |

*per month
**per therm

## Refund On Interim Rates

State law allowed Minnesota Energy Resources to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of $10.5 million or 4.09%, began on January 1, 2014. Since the final increase is less than the interim rate increase, Minnesota Energy Resources will refund any difference between these amounts with interest.

## Reasons For The Increase

Minnesota Energy Resources requested this increase due to increased costs for customer service functions and conservation programs.

## How The Rate Change Will Affect Monthly Bills

The MPUC's October 28, 2014 Order will affect individual monthly bills differently depending on natural gas use and customer type. The customer charges and the distribution charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of gas, which is passed on to you directly at our cost without adding any additional fees to the price. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

**Please see inside for an explanation of how the changes will impact your natural gas bill.**

## For More Information

If you would like more information, please visit us online at **minnesotaenergyresources.com**, visit your local Minnesota Energy Resources customer service office, or call **800-889-9508**.

MINNESOTA ENERGY RESOURCES®

XXXX-30950-I-XXXX

**Schedule C**

# IMPORTANT INFORMATION

about your natural gas rates

# NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served by Northern Natural Gas Pipeline


## An Explanation Of Changes To Your Natural Gas Rates

On September 30, 2013, Minnesota Energy Resources requested permission to increase its natural gas rates by approximately $14.2 million, or about 5.52%.

On October 28, 2014, the Minnesota Public Utilities Commission (MPUC) approved new natural gas rates for Minnesota Energy Resources customers. Overall, rates will increase approximately $7.6 million, or 2.8%, beginning April 1, 2015.

Under the MPUC's October 28, 2014 Order, the fixed customer charge for residential customers will increase from $8.50 to $9.50 per month, and the distribution charge will increase to $0.21806 per therm. These rates are effective on January 2015 bills. Although the net effect on customers will vary by rate classification, the average residential customer using 74 therms of natural gas per month will see a $2.50 increase on their monthly bill.

MINNESOTA ENERGY RESOURCES®

## CHANGE IN AVERAGE MONTHLY BILLS

| Customer Class | Average Monthly Usage (Therms) | Present Monthly Bill* | Proposed Monthly Bill |
|---|---|---|---|
| General Service - Residential Sales | 74 | $68 | $71 |
| General Service - Small Commercial & Industrial Sales | 80 | $78 | $81 |
| General Service - Large Commercial & Industrial Sales | 693 | $575 | $583 |
| Small Volume Interruptible Sales | 4,747 | $2,717 | $2,629 |
| Large Volume Interruptible Sales | 11,344 | $5,481 | $5,602 |
| Small Volume Joint Sales | 4,149 | $2,466 | $2,397 |
| Small Volume Interruptible Transportation | 26,304 | $2,877 | $2,389 |
| Transport for Resale | 14,501 | $1,289 | $1,339 |
| Small Volume Joint Transportation | 7,037 | $1,140 | $1,060 |
| Large Volume Interruptible Transportation | 130,825 | $2,873 | $3,389 |
| Large Volume Joint Transportation | 107,099 | $3,525 | $4,096 |
| Super Large Volume Interruptible Transportation | 1,025,965 | $5,123 | $5,431 |
| Super Large Volume Joint Transportation | 1,670,331 | $17,963 | $18,053 |

*The present rate levels identified represent the rates authorized in Docket Nos. G007,011/GR-10-977

## APPROVED NEW CHANGES FOR MONTHLY CUSTOMER CHARGE AND THE PER THERM GAS DISTRIBUTION CHARGE

**This chart shows the current and approved customer charge and distribution charge for each customer class.**

| Customer Class | Current Customer Charge* | Approved Customer Charge* | Current Distribution Charge** | Approved Distribution Charge** |
|---|---|---|---|---|
| General Service - Residential Sales | $8.50 | $9.50 | $0.19754 | $0.21806 |
| General Service - Small Commercial & Industrial Sales | $14.50 | $18.00 | $0.18525 | $0.18116 |
| General Service - Large Commercial & Industrial Sales | $35.00 | $45.00 | $0.16868 | $0.16579 |
| Small Volume Interruptible Sales | $150.00 | $165.00 | $0.10647 | $0.08490 |
| Large Volume Interruptible Sales | $175.00 | $185.00 | $0.03568 | $0.04553 |
| Small Volume Joint Sales | $220.00 | $275.00 | $0.10647 | $0.08490 |
| Small Volume Interruptible Transportation | $245.00 | $295.00 | $0.07200 | $0.08490 |
| Transport for Resale | $245.00 | $295.00 | $0.03568 | $0.07200 |
| Small Volume Joint Transportation | $245.00 | $295.00 | $0.02055 | $0.08490 |
| Large Volume Interruptible Transportation | $245.00 | $295.00 | $0.03568 | $0.04553 |
| Large Volume Joint Transportation | $370.00 | $460.00 | $0.01933 | $0.04553 |
| Super Large Volume Interruptible Transportation | $370.00 | $460.00 | $0.00420 | $0.00420 |
| Super Large Volume Joint Transportation | $370.00 | $460.00 | $0.00420 | $0.00420 |

*per month
**per therm

# Schedule D

# Revised Base Cost of Gas

DORSEY
DORSEY & WHITNEY LLP

**MICHAEL J. AHERN**
**Partner**
**(612) 340-2881**
**FAX (612) 340-2643**
**ahern.michael@dorsey.com**

October 1, 2014

**VIA ELECTRONIC MAIL AND E-FILING**

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

Re: Compliance Filing of Minnesota Energy Resources Corporation – Updated Base Cost of Gas, Final Rates Uncollectible Expense, and Final Rates Gas Storage Cost

MPUC Docket Nos. G011/GR-13-617 and G011/MR-13-732
OAH Docket No. 8-2500-31126

Dear Dr. Haar:

On September 24, 2014, the Minnesota Public Utilities Commission (the "Commission") held Deliberations *In the Matter of a Petition by Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G011/GR-13-617. During Deliberations, the Commission moved to "require MERC to provide a filing in 7 days in this docket that updates the base cost of gas reflecting the NYMEX pricing estimate for January-December 2015. These figures shall be used to adjust the revenue deficiency amount identified in Decision Option 54 and MERC shall use these figures as the new base cost of gas." Additionally, the Commission moved to "adopt an appropriate gas storage balance number based on the Commission's base cost of gas decision as reflected in the filing to be made in 7 days."

In accordance with the Commission's decision on September 24, 2014, MERC submits this Compliance Filing with an update base cost of gas calculations to reflect the NYMEX pricing estimate for January-December 2015. Attachment A to this filing provides the updated base cost of gas calculation based on the revenue forecast approved by the Commission and NYMEX pricing estimates for the period January-December 2015.

During Commission Deliberations on September 24, 2014, the Commission decided that the updated base cost of gas should be used to calculate the uncollectible expense amount and gas storage balance amount to be used in the calculation of MERC's final rates. Attachment B to this filing provides a revised calculation of uncollectible expense based on the Commission's decision to adopt Decision Option 54, as revised to account for the revised base cost of gas calculation, for use in calculating MERC's final rates. Attachment C provides an updated gas

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storage calculation based on the revised base cost of gas, for use in calculating MERC's final rates.

While MERC does not have any objection to using the January-December 2015 NYMEX pricing estimates to calculate its final base cost of gas and non-gas cost revenue requirements for final rates, for purposes of calculating the interim rate refund, MERC believes the interim period uncollectible expense and gas storage costs should be based on September 15, 2014 NYMEX prices to ensure that MERC is permitted to recover its actual non-gas costs associated with the higher gas costs that occurred in February and March 2014. MERC intends to request clarification to the Commission's Order in this matter to address this issue, as we believe the record could benefit from further development and that the remedy the Commission seeks to prevent MERC from over-recovering its non-gas costs associated with last season's high gas prices should be more precisely tailored.

MERC is filing this Compliance Filing in both the base cost of gas docket and the general rate case docket.

Please contact me if you have any questions.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

Enclosures

cc: Service Lists

## Schedule D

# Attachment A

# Schedule D



## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### MINNESOTA ENERGY RESOURCES CORPORATION
**BASE RATES UPDATES COMPARISON**

| | Firm Commodity Base Rate | | | |
|---|---|---|---|---|
| | G007,011/ GR-10-977 6/1/11 NYMEX $/therm | G011/ GR-13-617/MR-13-732 5/15/2013 NYMEX $/therm | G011/ GR-13-617/MR-13-732 3/17/2014 NYMEX $/therm | G011/ GR-13-617/MR-13-732 9/15/2014 NYMEX* $/therm |
| **MERC-NNG** | $ 0.64355 | $ 0.63590 | $ 0.73062 | $ 0.60975 |
| **MERC-Consolidated** | $ 0.57194 | $ 0.53083 | $ 0.68510 | $ 0.52440 |

| | Interruptible Commodity Base Rate | | | |
|---|---|---|---|---|
| | G007,011/ GR-10-977 6/1/11 NYMEX $/therm | G011/ GR-13-617/MR-13-732 5/15/2013 NYMEX $/therm | G011/ GR-13-617/MR-13-732 3/17/2014 NYMEX $/therm | G011/ GR-13-617/MR-13-732 9/15/2014 NYMEX* $/therm |
| **MERC-NNG** | $ 0.47461 | $ 0.45635 | $ 0.55107 | $ 0.43407 |
| **MERC-Consolidated** | $ 0.46555 | $ 0.44825 | $ 0.60252 | $ 0.44363 |

| | Joint Commodity Base Rate | | | |
|---|---|---|---|---|
| | G007,011/ GR-10-977 6/1/11 NYMEX $/therm | G011/ GR-13-617/MR-13-732 5/15/2013 NYMEX $/therm | G011/ GR-13-617/MR-13-732 3/17/2014 NYMEX $/therm | G011/ GR-13-617/MR-13-732 9/15/2014 NYMEX* $/therm |
| **MERC-NNG** | $ 0.47461 | $ 0.45635 | $ 0.55107 | $ 0.43407 |
| **MERC-Consolidated** | $ 0.46555 | $ 0.44825 | $ 0.60252 | $ 0.44363 |

*Test Year 2014 (Jan '14 - Dec '14) monthly gas prices are equal to 2015 (Jan '15 - Dec '15) NYMEX monthly gas futures prices. See page 12 of 24.

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Updated Proposed v. Current Base rates

**MINNESOTA ENERGY RESOURCES CORPORATION**

**UPDATED PROPOSED BASE RATES COMPARISON TO CURRENTLY FILED BASE RATES**

(Using 09-15-14 NYMEX gas pricing and Audit Adjusted MERC Fcst201304 NEW PGA Sales Forecast)

| | Gas Cost $/therm | Firm Demand Cost $/therm | Firm Commodity Base Rate Currently Filed $/therm | Firm Commodity Base Rate 09-15-14 NYMEX* $/therm | Firm Commodity Base Rate % Change | Interruptible Commodity Base Rate Currently Filed $/therm | Interruptible Commodity Base Rate 09-15-14 NYMEX* $/therm | Interruptible Commodity Base Rate % Change |
|---|---|---|---|---|---|---|---|---|
| **MERC-NNG** | $ 0.43407 | $ 0.17568 | $ 0.63590 | $ 0.60975 | -4.1% | $ 0.45635 | $ 0.43407 | -4.88% |
| **MERC-Consolidated** | $ 0.44363 | $ 0.08077 | $ 0.53083 | $ 0.52440 | -1.2% | $ 0.44825 | $ 0.44363 | -1.03% |

| | Gas Cost $/therm | Joint Demand Cost $/therm/MDQ | Joint Commodity Base Rate Currently Filed $/therm | Joint Commodity Base Rate 09-15-14 NYMEX* $/therm | Joint Commodity Base Rate % Change | Joint Demand Base Rate Currently Filed $/therm/MDQ | Joint Demand Base Rate 09-15-14 NYMEX* $/therm/MDQ | Joint Demand Base Rate % Change |
|---|---|---|---|---|---|---|---|---|
| **MERC-NNG** | $ 0.43407 | $ 2.00712 | $ 0.45635 | $ 0.43407 | -4.88% | $ 1.95620 | $ 2.00712 | 2.60% |
| **MERC-Consolidated** | $ 0.44363 | $ 0.59037 | $ 0.44825 | $ 0.44363 | -1.03% | $ 0.56880 | $ 0.59037 | 3.79% |

*Test Year 2014 (Jan '14 - Dec '14) monthly gas prices are equal to 2015 (Jan '15 - Dec '15) NYMEX monthly gas futures prices. See page 12 of 24.

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Joint Demand Base Rate

## MINNESOTA ENERGY RESOURCES CORPORATION

### Demand Costs Assigned in Joint Rate

| MERC-CON DEMAND COSTS ASSIGNED TO JOINT RATES | Units | | Annual |
|---|---|---|---|
| **Viking (VGT)** | **Dth's** | **Months** | **Dth's** |
| FT-A ZONE 1 - 1 | 12,493 | 12 | 149,916 |
| FT-A ZONE 1 - 1 | 1,098 | 3 | 3,294 |
| FT-A ZONE 1 - 1 | 2,000 | 12 | 24,000 |
| Wadena Delivered GDD Option | 3,500 | 3 | 10,500 |
| **Great Lakes (GLGT)** | | | |
| FT Western Zone | 10,130 | 12 | 121,560 |
| FT Western Zone (12) | 3,600 | 12 | 43,200 |
| FT Western Zone (5) | 11,581 | 5 | 57,905 |
| FT Western Zone | 9,000 | 12 | 108,000 |
| **Centra** | | | |
| Centra Annual | 9,500 | 12 | 114,000 |
| **Total Demand Weighted Volume in Dth's** | | | **632,375** |
| **Total Demand Weighted Volume in Therms** | | | **6,323,750** |
| **Total Demand Cost** | | **$** | **3,733,360** |
| **Total Joint Demand Rate $/therm** | | **$** | **0.59037** |

| MERC-NNG DEMAND COSTS ASSIGNED TO JOINT RATES | Units | | Annual |
|---|---|---|---|
| **Contract** | **Dth's** | **Months** | **Dth's** |
| TF12B (Max Rate) | 41,844 | 12 | 502,128 |
| TF12V (Max Rate) | 29,035 | 12 | 348,420 |
| TF5 (Max Rate) | 31,515 | 5 | 157,575 |
| TF12B (Discount-Winte | 5,200 | 12 | 62,400 |
| TFX5 (Discount) | 6,000 | 5 | 30,000 |
| TFX12 (Max Rate) | 10,822 | 12 | 129,864 |
| TFX Apr (Max Rate) | 2,000 | 1 | 2,000 |
| TFX Oct (Max Rate) | 2,000 | 1 | 2,000 |
| TFX5 (Max Rate) | 57,371 | 5 | 286,855 |
| TFX5 (Discount) | 1,800 | 5 | 9,000 |
| TFX12 (Discount) | 1,283 | 12 | 15,396 |
| TFX12 (Discount) | 8,271 | 12 | 99,252 |
| TFX12 (Discount) | 11,921 | 12 | 143,052 |
| TFX5 (Discount) | 379 | 5 | 1,895 |
| TFX5 (Discount) | 2,445 | 5 | 12,225 |
| TFX5 (Discount) | 22,189 | 5 | 110,945 |
| NW Energy | 910 | 12 | 10,920 |
| **Total Demand Weighted Volume in Dth's** | | | **1,923,927** |
| **Total Demand Weighted Volume in Therms** | | | **19,239,270** |
| **Total Demand Cost** | | **$** | **38,615,474** |
| **Total Joint Demand Rate $/therm** | | **$** | **2.00712** |

# Schedule D



**MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales**
**Sales Forecast Summary**

## FORECASTED SALES (MERC Fcst201304 NEW PGA)

| | Forecasted Sales Therms |
|---|---|
| **MERC-NNG** | |
| General Service (GS) | 219,745,537 |
| Interruptible | 25,967,421 |
| Joint | 149,364 |
| | |
| Losses & Unacc | 1,229,312 |
| Company Use | 56,242 |
| TOTAL | 247,147,875 |
| | |
| **MERC-Consolidated** | |
| General Service (GS) | 46,134,679 |
| Interruptible | 9,276,781 |
| Joint | 242,936 |
| | |
| Losses & Unacc | 278,272 |
| Company Use | 88,982 |
| TOTAL | 56,021,650 |
| | |
| **MERC-Total** | |
| General Service (GS) | 265,880,216 |
| Interruptible | 35,244,202 |
| Joint | 392,300 |
| | |
| Losses & Unacc | 1,507,584 |
| Company Use | 145,224 |
| TOTAL | 303,169,525 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Demand Costs by Contract

| PGA | NNG | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Contract # | 111866 | 112486 | 112495 | 112561 | 118657 | 112521 | 123780/ 123781 | NW Energy | Bison | NBPL | Total NNG |
| Date | | | | | | | | | | | |
| Jun-13 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Jul-13 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Aug-13 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Sep-13 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Oct-13 | $ 77,955 | $ 72,867 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,481,476 |
| Nov-13 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 862,500 | $ 345,000 | $ 4,445,382 |
| Dec-13 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Jan-14 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Feb-14 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 805,000 | $ 322,000 | $ 4,364,882 |
| Mar-14 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Apr-14 | $ 77,955 | $ 72,867 | $ 428,021 | $ - | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,019,006 |
| May-14 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,047,890 |
| Jun-14 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Jul-14 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Aug-14 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Sep-14 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Oct-14 | $ 77,955 | $ 72,867 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,481,476 |
| Nov-14 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 862,500 | $ 345,000 | $ 4,445,382 |
| Dec-14 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Jan-15 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Feb-15 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 805,000 | $ 322,000 | $ 4,364,882 |
| Mar-15 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| Apr-15 | $ 77,955 | $ 72,867 | $ 428,021 | $ - | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,019,006 |
| May-15 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,047,890 |
| Jun-15 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Jul-15 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Aug-15 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,470,110 |
| Sep-15 | $ 77,955 | $ 61,501 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 862,500 | $ 345,000 | $ 2,429,860 |
| Oct-15 | $ 77,955 | $ 72,867 | $ 428,021 | $ - | $ 502,148 | $ 49,442 | $ 96,013 | $ 7,280 | $ 891,250 | $ 356,500 | $ 2,481,476 |
| Nov-15 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 862,500 | $ 345,000 | $ 4,445,382 |
| Dec-15 | $ 583,120 | $ 1,047,009 | $ 1,347,730 | $ 27,360 | $ 147,701 | $ 49,442 | $ 28,240 | $ 7,280 | $ 891,250 | $ 356,500 | $ 4,485,632 |
| | **$ 8,478,576** | **$ 13,789,460** | **$ 24,305,159** | **$ 328,320** | **$ 9,895,439** | **$ 1,532,714** | **$ 1,892,031** | **$ 225,680** | **$ 27,140,000** | **$ 10,856,000** | **$ 98,443,378** |

# Schedule D

## MERC Base Cost of Gas

### Demand Costs by Contract

| PGA | Consolidated | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Contract # | GLGT FT0016 | GLGT FT15782 | GLGT FT0155 (12) | GLGT FT0155 (5) | Centra CTH1201 | Centra CPM1201 | Centra HUB495001 Union | VGT AF0012 | VGT AF0014 | VGT AF0102 | VGT AF0183 | VGT ML0021 | AECO | AECO Swap | Total Cons | TOTAL MERC |
| Date | | | | | | | | | | | | | | | | |
| Jun-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ - | $ 272,205 | $ 2,702,065 |
| Jul-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ - | $ 272,205 | $ 2,742,315 |
| Aug-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ - | $ 272,205 | $ 2,742,315 |
| Sep-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ - | $ 272,205 | $ 2,702,065 |
| Oct-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ - | $ 272,205 | $ 2,753,681 |
| Nov-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ 37,528 | $ 332,757 | $ 4,778,139 |
| Dec-13 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ 100,868 | $ 399,904 | $ 4,885,536 |
| Jan-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ 100,868 | $ 399,904 | $ 4,885,536 |
| Feb-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ 91,106 | $ 390,142 | $ 4,755,024 |
| Mar-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 65,000 | $ 42,393 | $ 337,622 | $ 4,823,254 |
| Apr-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 41,026 | $ 320,421 | $ 2,339,427 |
| May-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,327,286 |
| Jun-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,709,256 |
| Jul-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,749,506 |
| Aug-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,749,506 |
| Sep-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 256,372 | $ 2,686,232 |
| Oct-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 256,372 | $ 2,737,848 |
| Nov-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 37,528 | $ 293,899 | $ 4,739,281 |
| Dec-14 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 100,868 | $ 361,046 | $ 4,846,678 |
| Jan-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 100,868 | $ 361,046 | $ 4,846,678 |
| Feb-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 91,106 | $ 351,285 | $ 4,716,167 |
| Mar-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 42,393 | $ 298,765 | $ 4,784,397 |
| Apr-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 41,026 | $ 320,421 | $ 2,339,427 |
| May-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,327,286 |
| Jun-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,709,256 |
| Jul-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,749,506 |
| Aug-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ 23,024 | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 279,396 | $ 2,749,506 |
| Sep-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 256,372 | $ 2,686,232 |
| Oct-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ - | $ 256,372 | $ 2,737,848 |
| Nov-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ - | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 37,528 | $ 293,899 | $ 4,739,281 |
| Dec-15 | $ 32,224 | $ 28,629 | $ 11,452 | $ - | $ 55,796 | $ 16,891 | $ 4,500 | $ 43,314 | $ 3,807 | $ 6,934 | $ - | $ 7,465 | $ 49,167 | $ 100,868 | $ 361,046 | $ 4,846,678 |
| | $ 998,929 | $ 887,499 | $ 355,000 | $ 345,361 | $ 1,729,677 | $ 523,621 | $ 139,500 | $ 1,342,749 | $ 26,648 | $ 214,960 | $ - | $ 231,415 | $ 1,682,500 | $ 965,972 | $ 9,443,832 | $ 107,887,210 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

**Other Gas Supply Inputs**

| Hedge Premium Cost | | | | | | |
|---|---|---|---|---|---|---|
| | November | December | January | February | March | Total |
| **NNG** | $ 198,000 | $ 297,000 | $ 437,500 | $ 402,500 | $ 322,000 | $ 1,657,000 |
| **Consol** | $ 51,000 | $ 75,000 | $ 101,500 | $ 87,500 | $ 73,500 | $ 388,500 |

| Fuel Information | | |
|---|---|---|
| NNG | | |
| Storage Fuel % | 1.55% | |
| Transport Fuel % | 1.20% | Summer |
| Transport Fuel % | 1.40% | Winter |
| GLGT | | |
| Storage Fuel % | 0.00% | |
| Transport Fuel % | 0.70% | 12 Mo Ave |
| VGT | | |
| Storage Fuel % | 0.00% | |
| Transport Fuel % | 0.36% | Summer |
| Transport Fuel % | 1.50% | Winter |
| AECO | | |
| Storage Fuel % | 0.75% | |
| Centra Fuel % | 0.1000% | 12 months |

| Beginning Storage Dollars | |
|---|---|
| **NNG** | $1,116,272.00 |
| **Consol** | $682,128.00 |
| Total | $1,798,400.00 |

| Base Cost of Gas (GR-10-977) | |
|---|---|
| **NNG** | |
| General Service | $6.43550 |
| Interruptible | $4.74610 |
| Joint | $4.74610 |
| **Consol** | |
| General Service | $5.71940 |
| Interruptible | $4.65550 |
| Joint | $4.65550 |

| 232130 Beginning Balance | |
|---|---|
| **NNG** | ($9,642,864.63) |

# Schedule D



**MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales**
**MERC Sales Forecast from the SUMG file**

| | Calendar Sales - in Therms | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NNG | | | | CONSOLIDATED | | | | | | | | | |
| | GS | Interruptible | Joint | Total NNG | GLGT GS | GLGT Int | GLGT Joint | VGT GS | VGT Int | VGT Joint | Centra GS | Centra Int | Centra Joint | Total Consolidated |
| Jun-13 | 8,786,129 | 1,755,271 | 8,050 | 10,549,450 | 755,431 | 68,103 | 283 | 633,780 | 96,053 | 20 | 263,675 | 394,448 | | 2,211,793 |
| Jul-13 | 4,854,515 | 871,042 | 8,071 | 5,733,628 | 369,548 | 49,923 | 284 | 310,038 | 70,413 | 20 | 128,986 | 289,158 | | 1,218,370 |
| Aug-13 | 4,424,623 | 705,033 | 8,149 | 5,137,804 | 410,317 | 29,546 | 838 | 317,719 | 50,060 | 35 | 139,683 | 248,872 | | 1,197,070 |
| Sep-13 | 3,964,542 | 676,330 | 9,212 | 4,650,084 | 313,170 | 38,219 | 5,818 | 256,260 | 51,242 | 475 | 105,202 | 307,595 | | 1,077,981 |
| Oct-13 | 6,159,933 | 969,263 | 11,596 | 7,140,792 | 555,214 | 52,256 | 13,314 | 493,358 | 187,584 | 2,763 | 243,684 | 301,557 | | 1,849,730 |
| Nov-13 | 15,219,350 | 1,720,139 | 14,315 | 16,953,804 | 1,474,951 | 109,291 | 18,463 | 1,277,297 | 239,948 | 8,080 | 607,017 | 379,115 | | 4,114,162 |
| Dec-13 | 29,234,285 | 4,666,524 | 17,376 | 33,918,185 | 2,779,649 | 162,406 | 25,203 | 2,499,279 | 337,465 | 12,975 | 1,095,589 | 554,307 | | 7,466,873 |
| Jan-14 | 39,911,837 | 3,695,594 | 18,610 | 43,626,041 | 3,721,256 | 252,550 | 27,531 | 3,127,341 | 439,480 | 15,744 | 1,454,833 | 663,014 | | 9,701,749 |
| Feb-14 | 37,317,751 | 3,248,210 | 16,640 | 40,582,601 | 3,374,533 | 229,924 | 25,847 | 3,066,417 | 440,740 | 13,800 | 1,331,994 | 655,235 | | 9,138,490 |
| Mar-14 | 32,039,010 | 3,272,166 | 15,105 | 35,326,281 | 2,668,788 | 199,708 | 23,760 | 2,865,737 | 466,339 | 14,284 | 1,129,973 | 500,178 | | 7,868,767 |
| Apr-14 | 19,061,267 | 1,952,791 | 12,070 | 21,026,128 | 1,826,459 | 153,026 | 14,725 | 1,608,771 | 283,932 | 7,416 | 694,177 | 424,285 | | 5,012,791 |
| May-14 | 11,568,444 | 1,288,460 | 9,794 | 12,866,698 | 1,138,296 | 116,613 | 7,555 | 995,346 | 192,409 | 1,465 | 449,090 | 392,074 | | 3,292,848 |
| Jun-14 | 5,753,944 | 740,593 | 8,406 | 6,502,943 | 513,414 | 44,137 | 1,677 | 433,640 | 93,430 | 780 | 200,511 | 325,457 | | 1,613,046 |
| Jul-14 | 4,643,138 | 645,218 | 8,073 | 5,296,428 | 371,766 | 43,025 | 293 | 309,433 | 60,680 | 20 | 130,180 | 249,196 | | 1,164,593 |
| Aug-14 | 4,363,815 | 632,471 | 8,152 | 5,004,438 | 371,697 | 27,266 | 850 | 288,519 | 46,191 | 35 | 127,590 | 229,656 | | 1,091,804 |
| Sep-14 | 6,086,678 | 1,047,877 | 9,216 | 7,143,771 | 573,533 | 37,783 | 5,831 | 469,372 | 50,659 | 476 | 192,699 | 304,089 | | 1,634,442 |
| Oct-14 | 10,347,158 | 1,861,865 | 11,599 | 12,220,622 | 961,690 | 54,481 | 13,327 | 854,417 | 195,566 | 2,765 | 419,972 | 314,394 | | 2,816,612 |
| Nov-14 | 18,270,645 | 3,223,828 | 14,319 | 21,508,792 | 1,754,362 | 112,574 | 18,473 | 1,519,611 | 247,155 | 8,086 | 719,631 | 390,500 | | 4,770,392 |
| Dec-14 | 30,381,850 | 4,358,348 | 17,380 | 34,757,578 | 2,825,056 | 160,381 | 25,215 | 2,536,275 | 333,256 | 12,981 | 1,108,300 | 547,398 | | 7,548,862 |
| Jan-15 | 38,436,593 | 3,025,794 | 18,616 | 41,481,003 | 3,711,173 | 234,727 | 27,544 | 3,117,965 | 408,465 | 15,751 | 1,448,961 | 616,224 | | 9,580,810 |
| Feb-15 | 35,008,417 | 2,978,032 | 16,646 | 38,003,095 | 3,118,442 | 183,773 | 25,862 | 2,833,346 | 352,277 | 13,806 | 1,230,012 | 523,716 | | 8,281,234 |
| Mar-15 | 28,120,063 | 2,051,351 | 15,111 | 30,186,525 | 2,368,880 | 162,263 | 23,774 | 2,543,260 | 378,904 | 14,293 | 1,002,426 | 406,399 | | 6,900,199 |
| Apr-15 | 18,055,759 | 1,436,066 | 12,077 | 19,503,902 | 1,687,554 | 119,996 | 14,742 | 1,486,544 | 222,644 | 7,425 | 641,310 | 332,704 | | 4,512,919 |
| May-15 | 10,580,485 | 1,184,707 | 9,801 | 11,774,993 | 948,177 | 82,025 | 7,578 | 828,984 | 135,341 | 1,469 | 374,427 | 275,781 | | 2,653,782 |
| Jun-15 | 5,172,883 | 977,797 | 8,414 | 6,159,094 | 387,031 | 32,114 | 1,697 | 326,002 | 67,977 | 789 | 151,518 | 236,793 | | 1,203,921 |
| Jul-15 | 4,293,286 | 875,115 | 8,081 | 5,176,482 | 216,335 | 36,282 | 321 | 178,654 | 51,170 | 22 | 75,908 | 210,145 | | 768,837 |
| Aug-15 | 4,331,992 | 969,063 | 8,160 | 5,309,215 | 264,467 | 27,944 | 881 | 205,116 | 47,343 | 36 | 91,177 | 235,378 | | 872,342 |
| Sep-15 | 6,626,021 | 917,908 | 9,224 | 7,553,153 | 590,348 | 40,839 | 5,862 | 482,285 | 54,756 | 478 | 198,827 | 328,676 | | 1,702,071 |
| Oct-15 | 12,979,594 | 1,489,641 | 11,608 | 14,480,843 | 1,205,732 | 63,139 | 13,356 | 1,071,360 | 226,640 | 2,771 | 526,628 | 364,348 | | 3,473,974 |
| Nov-15 | 21,263,765 | 1,644,158 | 14,329 | 22,922,252 | 2,148,724 | 132,349 | 18,499 | 1,861,432 | 290,571 | 8,096 | 880,941 | 459,100 | | 5,799,712 |
| Dec-15 | 31,518,489 | 1,938,447 | 17,390 | 33,474,326 | 3,129,245 | 177,836 | 25,240 | 2,808,324 | 369,524 | 12,994 | 1,226,209 | 606,967 | | 8,356,339 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sa

### MERC Sales Forecast from the SUMG file

Loss = 0.5%

| | Company Use (therms) | | | | Gas Loss (therms) | | | |
|---|---|---|---|---|---|---|---|---|
| | NNG | GLGT Cons | VGT Cons | Centra Cons | NNG | GLGT Cons | VGT Cons | Centra Cons |
| Jun-13 | 1,134 | 2,314 | 1,941 | - | 52,747 | 4,119 | 3,649 | 3,291 |
| Jul-13 | 210 | 2,314 | 1,941 | - | 28,668 | 2,099 | 1,902 | 2,091 |
| Aug-13 | 109 | 2,398 | 1,857 | - | 25,689 | 2,204 | 1,839 | 1,943 |
| Sep-13 | 552 | 2,340 | 1,915 | - | 23,250 | 1,786 | 1,540 | 2,064 |
| Oct-13 | 2,232 | 2,253 | 2,002 | - | 35,704 | 3,104 | 3,419 | 2,726 |
| Nov-13 | 4,502 | 2,280 | 1,975 | - | 84,769 | 8,014 | 7,627 | 4,931 |
| Dec-13 | 7,995 | 4,774 | 4,292 | - | 169,591 | 14,836 | 14,249 | 8,249 |
| Jan-14 | 9,899 | 8,375 | 7,038 | - | 218,130 | 20,007 | 17,913 | 10,589 |
| Feb-14 | 9,825 | 6,350 | 5,770 | - | 202,913 | 18,152 | 17,605 | 9,936 |
| Mar-14 | 11,402 | 6,274 | 6,738 | - | 176,631 | 14,461 | 16,732 | 8,151 |
| Apr-14 | 5,570 | 5,097 | 4,489 | - | 105,131 | 9,971 | 9,501 | 5,592 |
| May-14 | 2,812 | 2,270 | 1,985 | - | 64,333 | 6,312 | 5,946 | 4,206 |
| Jun-14 | 1,134 | 2,307 | 1,948 | - | 32,515 | 2,796 | 2,639 | 2,630 |
| Jul-14 | 210 | 2,322 | 1,933 | - | 26,482 | 2,075 | 1,851 | 1,897 |
| Aug-14 | 109 | 2,396 | 1,859 | - | 25,022 | 1,999 | 1,674 | 1,786 |
| Sep-14 | 552 | 2,340 | 1,915 | - | 35,719 | 3,086 | 2,603 | 2,484 |
| Oct-14 | 2,232 | 2,253 | 2,002 | - | 61,103 | 5,147 | 5,264 | 3,672 |
| Nov-14 | 4,502 | 2,282 | 1,973 | - | 107,544 | 9,427 | 8,874 | 5,551 |
| Dec-14 | 7,995 | 4,777 | 4,289 | - | 173,788 | 15,053 | 14,413 | 8,278 |
| Jan-15 | 9,899 | 8,376 | 7,037 | - | 207,405 | 19,867 | 17,711 | 10,326 |
| Feb-15 | 9,825 | 6,350 | 5,770 | - | 190,015 | 16,640 | 15,997 | 8,769 |
| Mar-15 | 11,402 | 6,275 | 6,737 | - | 150,933 | 12,775 | 14,682 | 7,044 |
| Apr-15 | 5,570 | 5,097 | 4,489 | - | 97,520 | 9,111 | 8,583 | 4,870 |
| May-15 | 2,812 | 2,270 | 1,985 | - | 58,875 | 5,189 | 4,829 | 3,251 |
| Jun-15 | 1,134 | 2,310 | 1,945 | - | 30,795 | 2,104 | 1,974 | 1,942 |
| Jul-15 | 210 | 2,330 | 1,925 | - | 25,882 | 1,265 | 1,149 | 1,430 |
| Aug-15 | 109 | 2,396 | 1,859 | - | 26,546 | 1,466 | 1,262 | 1,633 |
| Sep-15 | 552 | 2,342 | 1,913 | - | 37,766 | 3,185 | 2,688 | 2,638 |
| Oct-15 | 2,232 | 2,253 | 2,002 | - | 72,404 | 6,411 | 6,504 | 4,455 |
| Nov-15 | 4,502 | 2,280 | 1,975 | - | 114,611 | 11,498 | 10,800 | 6,700 |
| Dec-15 | 7,995 | 4,778 | 4,288 | - | 167,372 | 16,662 | 15,954 | 9,166 |

# Schedule D



**MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales**
**MERC Sales Forecast from the SUMG file**

| | CONVERT TO DTHs | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NNG | | | | CONSOLIDATED | | | | | | | | | |
| | GS | Interruptible | Joint | Total NNG | GLGT GS | GLGT Int | GLGT Joint | VGT GS | VGT Int | VGT Joint | Centra GS | Centra Int | Centra Joint | Total Consolidated |
| Jun-13 | 878,613 | 175,527 | 805 | 1,054,945 | 75,543 | 6,810 | 28 | 63,378 | 9,605 | 2 | 26,368 | 39,445 | - | 221,179 |
| Jul-13 | 485,451 | 87,104 | 807 | 573,363 | 36,955 | 4,992 | 28 | 31,004 | 7,041 | 2 | 12,899 | 28,916 | - | 121,837 |
| Aug-13 | 442,462 | 70,503 | 815 | 513,780 | 41,032 | 2,955 | 84 | 31,772 | 5,006 | 4 | 13,968 | 24,887 | - | 119,707 |
| Sep-13 | 396,454 | 67,633 | 921 | 465,008 | 31,317 | 3,822 | 582 | 25,626 | 5,124 | 48 | 10,520 | 30,760 | - | 107,798 |
| Oct-13 | 615,993 | 96,926 | 1,160 | 714,079 | 55,521 | 5,226 | 1,331 | 49,336 | 18,758 | 276 | 24,368 | 30,156 | - | 184,973 |
| Nov-13 | 1,521,935 | 172,014 | 1,432 | 1,695,380 | 147,495 | 10,929 | 1,846 | 127,730 | 23,995 | 808 | 60,702 | 37,912 | - | 411,416 |
| Dec-13 | 2,923,428 | 466,652 | 1,738 | 3,391,818 | 277,965 | 16,241 | 2,520 | 249,928 | 33,747 | 1,298 | 109,559 | 55,431 | - | 746,687 |
| Jan-14 | 3,991,184 | 369,559 | 1,861 | 4,362,604 | 372,126 | 25,255 | 2,753 | 312,734 | 43,948 | 1,574 | 145,483 | 66,301 | - | 970,175 |
| Feb-14 | 3,731,775 | 324,821 | 1,664 | 4,058,260 | 337,453 | 22,992 | 2,585 | 306,642 | 44,074 | 1,380 | 133,199 | 65,524 | - | 913,849 |
| Mar-14 | 3,203,901 | 327,217 | 1,511 | 3,532,628 | 266,879 | 19,971 | 2,376 | 286,574 | 46,634 | 1,428 | 112,997 | 50,018 | - | 786,877 |
| Apr-14 | 1,906,127 | 195,279 | 1,207 | 2,102,613 | 182,646 | 15,303 | 1,473 | 160,877 | 28,393 | 742 | 69,418 | 42,429 | - | 501,279 |
| May-14 | 1,156,844 | 128,846 | 979 | 1,286,670 | 113,830 | 11,661 | 756 | 99,535 | 19,241 | 147 | 44,909 | 39,207 | - | 329,285 |
| Jun-14 | 575,394 | 74,059 | 841 | 650,294 | 51,341 | 4,414 | 168 | 43,364 | 9,343 | 78 | 20,051 | 32,546 | - | 161,305 |
| Jul-14 | 464,314 | 64,522 | 807 | 529,643 | 37,177 | 4,303 | 29 | 30,943 | 6,068 | 2 | 13,018 | 24,920 | - | 116,459 |
| Aug-14 | 436,381 | 63,247 | 815 | 500,444 | 37,170 | 2,727 | 85 | 28,852 | 4,619 | 4 | 12,759 | 22,966 | - | 109,180 |
| Sep-14 | 608,668 | 104,788 | 922 | 714,377 | 57,353 | 3,778 | 583 | 46,937 | 5,066 | 48 | 19,270 | 30,409 | - | 163,444 |
| Oct-14 | 1,034,716 | 186,187 | 1,160 | 1,222,062 | 96,169 | 5,448 | 1,333 | 85,442 | 19,557 | 277 | 41,997 | 31,439 | - | 281,661 |
| Nov-14 | 1,827,065 | 322,383 | 1,432 | 2,150,879 | 175,436 | 11,257 | 1,847 | 151,961 | 24,716 | 809 | 71,963 | 39,050 | - | 477,039 |
| Dec-14 | 3,038,185 | 435,835 | 1,738 | 3,475,758 | 282,506 | 16,038 | 2,522 | 253,628 | 33,326 | 1,298 | 110,830 | 54,740 | - | 754,886 |
| Jan-15 | 3,843,659 | 302,579 | 1,862 | 4,148,100 | 371,117 | 23,473 | 2,754 | 311,797 | 40,847 | 1,575 | 144,896 | 61,622 | - | 958,081 |
| Feb-15 | 3,500,842 | 297,803 | 1,665 | 3,800,310 | 311,844 | 18,377 | 2,586 | 283,335 | 35,228 | 1,381 | 123,001 | 52,372 | - | 828,123 |
| Mar-15 | 2,812,006 | 205,135 | 1,511 | 3,018,653 | 236,888 | 16,226 | 2,377 | 254,326 | 37,890 | 1,429 | 100,243 | 40,640 | - | 690,020 |
| Apr-15 | 1,805,576 | 143,607 | 1,208 | 1,950,390 | 168,755 | 12,000 | 1,474 | 148,654 | 22,264 | 743 | 64,131 | 33,270 | - | 451,292 |
| May-15 | 1,058,049 | 118,471 | 980 | 1,177,499 | 94,818 | 8,203 | 758 | 82,898 | 13,534 | 147 | 37,443 | 27,578 | - | 265,378 |
| Jun-15 | 517,288 | 97,780 | 841 | 615,909 | 38,703 | 3,211 | 170 | 32,600 | 6,798 | 79 | 15,152 | 23,679 | - | 120,392 |
| Jul-15 | 429,329 | 87,512 | 808 | 517,648 | 21,634 | 3,628 | 32 | 17,865 | 5,117 | 2 | 7,591 | 21,015 | - | 76,884 |
| Aug-15 | 433,199 | 96,906 | 816 | 530,922 | 26,447 | 2,794 | 88 | 20,512 | 4,734 | 4 | 9,118 | 23,538 | - | 87,234 |
| Sep-15 | 662,602 | 91,791 | 922 | 755,315 | 59,035 | 4,084 | 586 | 48,229 | 5,476 | 48 | 19,883 | 32,868 | - | 170,207 |
| Oct-15 | 1,297,959 | 148,964 | 1,161 | 1,448,084 | 120,573 | 6,314 | 1,336 | 107,136 | 22,664 | 277 | 52,663 | 36,435 | - | 347,397 |
| Nov-15 | 2,126,377 | 164,416 | 1,433 | 2,292,225 | 214,872 | 13,235 | 1,850 | 186,143 | 29,057 | 810 | 88,094 | 45,910 | - | 579,971 |
| Dec-15 | 3,151,849 | 193,845 | 1,739 | 3,347,433 | 312,925 | 17,784 | 2,524 | 280,832 | 36,952 | 1,299 | 122,621 | 60,697 | - | 835,634 |

# Schedule D



**MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing &**
**MERC Sales Forecast from the SUMG file**

| | COMPANY USE | | | | GAS LOSS | | | |
|---|---|---|---|---|---|---|---|---|
| | NNG | GLGT Cons | VGT Cons | Centra Cons | NNG | GLGT Cons | VGT Cons | Centra Cons |
| Jun-13 | 113 | 231 | 194 | - | 5,275 | 412 | 365 | 329 |
| Jul-13 | 21 | 231 | 194 | - | 2,867 | 210 | 190 | 209 |
| Aug-13 | 11 | 240 | 186 | - | 2,569 | 220 | 184 | 194 |
| Sep-13 | 55 | 234 | 192 | - | 2,325 | 179 | 154 | 206 |
| Oct-13 | 223 | 225 | 200 | - | 3,570 | 310 | 342 | 273 |
| Nov-13 | 450 | 228 | 198 | - | 8,477 | 801 | 763 | 493 |
| Dec-13 | 800 | 477 | 429 | - | 16,959 | 1,484 | 1,425 | 825 |
| Jan-14 | 990 | 838 | 704 | - | 21,813 | 2,001 | 1,791 | 1,059 |
| Feb-14 | 983 | 635 | 577 | - | 20,291 | 1,815 | 1,760 | 994 |
| Mar-14 | 1,140 | 627 | 674 | - | 17,663 | 1,446 | 1,673 | 815 |
| Apr-14 | 557 | 510 | 449 | - | 10,513 | 997 | 950 | 559 |
| May-14 | 281 | 227 | 199 | - | 6,433 | 631 | 595 | 421 |
| Jun-14 | 113 | 231 | 195 | - | 3,251 | 280 | 264 | 263 |
| Jul-14 | 21 | 232 | 193 | - | 2,648 | 208 | 185 | 190 |
| Aug-14 | 11 | 240 | 186 | - | 2,502 | 200 | 167 | 179 |
| Sep-14 | 55 | 234 | 192 | - | 3,572 | 309 | 260 | 248 |
| Oct-14 | 223 | 225 | 200 | - | 6,110 | 515 | 526 | 367 |
| Nov-14 | 450 | 228 | 197 | - | 10,754 | 943 | 887 | 555 |
| Dec-14 | 800 | 478 | 429 | - | 17,379 | 1,505 | 1,441 | 828 |
| Jan-15 | 990 | 838 | 704 | - | 20,741 | 1,987 | 1,771 | 1,033 |
| Feb-15 | 983 | 635 | 577 | - | 19,002 | 1,664 | 1,600 | 877 |
| Mar-15 | 1,140 | 628 | 674 | - | 15,093 | 1,277 | 1,468 | 704 |
| Apr-15 | 557 | 510 | 449 | - | 9,752 | 911 | 858 | 487 |
| May-15 | 281 | 227 | 199 | - | 5,887 | 519 | 483 | 325 |
| Jun-15 | 113 | 231 | 195 | - | 3,080 | 210 | 197 | 194 |
| Jul-15 | 21 | 233 | 193 | - | 2,588 | 126 | 115 | 143 |
| Aug-15 | 11 | 240 | 186 | - | 2,655 | 147 | 126 | 163 |
| Sep-15 | 55 | 234 | 191 | - | 3,777 | 319 | 269 | 264 |
| Oct-15 | 223 | 225 | 200 | - | 7,240 | 641 | 650 | 445 |
| Nov-15 | 450 | 228 | 198 | - | 11,461 | 1,150 | 1,080 | 670 |
| Dec-15 | 800 | 478 | 429 | - | 16,737 | 1,666 | 1,595 | 917 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

**Gas Pricing Inputs Based on 09-15-14 NYMEX Futures Pricing**

| Rates | |
|---|---|
| NNG Commodity Surcharge Rate | $ 0.03770 |
| NNG Storage Injection/Withdraw Rate | $ 0.01490 |
| NNG ACA Surcharge Rate | $ 0.00180 |
| NNG Commdity charge less ACA | $ 0.0359 |
| GLGT Utilization Fee | $ 0.00326 |
| GLGT ACA Charge | $ 0.00180 |
| VGT Commodity Rate | $ 0.01300 |
| VGT ACA Charge | $ 0.00180 |
| Centra Commodity Charge | $ - |
| NBPL Commodity Charge | $ 0.00951 |

| | |
|---|---|
| Projected Premium Gathering Cost | $ 0.3950 |

| | Ventura | Emerson | CIG RKYMTN | Bison with Premium | AECO | |
|---|---|---|---|---|---|---|
| **Jun-13** | $ 4.0700 | $ 4.2230 | $ 3.8700 | $ 4.2650 | $ 3.5310 | |
| **Jul-13** | $ 3.6300 | $ 3.7070 | $ 3.4300 | $ 3.8250 | $ 3.0750 | |
| **Aug-13** | $ 3.5600 | $ 3.7140 | $ 3.3000 | $ 3.6950 | $ 2.6475 | |
| **Sep-13** | $ 3.5500 | $ 3.7320 | $ 3.2500 | $ 3.6450 | $ 2.4300 | |
| **Oct-13** | $ 3.5600 | $ 3.7680 | $ 3.2900 | $ 3.6850 | $ 2.4200 | |
| **Nov-13** | $ 3.7400 | $ 3.6660 | $ 3.5400 | $ 3.9350 | $ 3.2900 | |
| **Dec-13** | $ 3.7400 | $ 3.9780 | $ 3.5800 | $ 3.9750 | $ 3.3200 | **See NOTE** |
| **Jan-14** | $ 4.5880 | $ 4.9490 | $ 4.1140 | $ 4.5090 | $ 3.8940 | = Jan-15 NYMEX |
| **Feb-14** | $ 4.5850 | $ 4.7910 | $ 4.1185 | $ 4.5135 | $ 3.8685 | = Feb-15 NYMEX |
| **Mar-14** | $ 4.3195 | $ 4.5680 | $ 3.9730 | $ 4.3680 | $ 3.7805 | = Mar-15 NYMEX |
| **Apr-14** | $ 3.8565 | $ 3.8240 | $ 3.5165 | $ 3.9115 | $ 3.4315 | = Apr-15 NYMEX |
| **May-14** | $ 3.7860 | $ 3.8060 | $ 3.4985 | $ 3.8935 | $ 3.3760 | = May-15 NYMEX |
| **Jun-14** | $ 3.7710 | $ 3.8310 | $ 3.5235 | $ 3.9185 | $ 3.3810 | = Jun-15 NYMEX |
| **Jul-14** | $ 3.8000 | $ 3.8600 | $ 3.5800 | $ 3.9750 | $ 3.3900 | = Jul-15 NYMEX |
| **Aug-14** | $ 3.8345 | $ 3.8720 | $ 3.5920 | $ 3.9870 | $ 3.3970 | = Aug-15 NYMEX |
| **Sep-14** | $ 3.8285 | $ 3.8610 | $ 3.5735 | $ 3.9685 | $ 3.4060 | = Sep-15 NYMEX |
| **Oct-14** | $ 3.8775 | $ 3.8950 | $ 3.6175 | $ 4.0125 | $ 3.4875 | = Oct-15 NYMEX |
| **Nov-14** | $ 4.1090 | $ 4.3100 | $ 3.8050 | $ 4.2000 | $ 3.6750 | = Nov-15 NYMEX |
| **Dec-14** | $ 4.2565 | $ 4.4550 | $ 3.9950 | $ 4.3900 | $ 3.7800 | = Dec-15 NYMEX |
| **Jan-15** | $ 4.5880 | $ 4.9490 | $ 4.1140 | $ 4.5090 | $ 3.8940 | |
| **Feb-15** | $ 4.5850 | $ 4.7910 | $ 4.1185 | $ 4.5135 | $ 3.8685 | |
| **Mar-15** | $ 4.3195 | $ 4.5680 | $ 3.9730 | $ 4.3680 | $ 3.7805 | |
| **Apr-15** | $ 3.8565 | $ 3.8240 | $ 3.5165 | $ 3.9115 | $ 3.4315 | |
| **May-15** | $ 3.7860 | $ 3.8060 | $ 3.4985 | $ 3.8935 | $ 3.3760 | |
| **Jun-15** | $ 3.7710 | $ 3.8310 | $ 3.5235 | $ 3.9185 | $ 3.3810 | |
| **Jul-15** | $ 3.8000 | $ 3.8600 | $ 3.5800 | $ 3.9750 | $ 3.3900 | |
| **Aug-15** | $ 3.8345 | $ 3.8720 | $ 3.5920 | $ 3.9870 | $ 3.3970 | |
| **Sep-15** | $ 3.8285 | $ 3.8610 | $ 3.5735 | $ 3.9685 | $ 3.4060 | |
| **Oct-15** | $ 3.8775 | $ 3.8950 | $ 3.6175 | $ 4.0125 | $ 3.4875 | |
| **Nov-15** | $ 4.1090 | $ 4.3100 | $ 3.8050 | $ 4.2000 | $ 3.6750 | |
| **Dec-15** | $ 4.2565 | $ 4.4550 | $ 3.9950 | $ 4.3900 | $ 3.7800 | |

**NOTE:** Test Year 2014 (Jan '14 - Dec '14) monthly gas prices are equal to 2015 (Jan '15 - Dec '15) NYMEX monthly gas futures prices.

# Schedule D



## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Storage

| | NNG Storage - in Dth | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Volumes in Dth | | | | | Dollars | | | | | |
| | Beginning Balance | Inj | Subtotal | W/D | Ending Balance | Beginning Balance | Inj | Subtotal | W/D | Ending Balance | WACOG |
| Jun-13 | 302,570 | 799,258 | 1,101,828 | | 1,101,828 | $ 1,116,272 | $ 3,410,507 | $ 4,526,779 | $ - | $ 4,526,779 | $ 4.108 |
| Jul-13 | 1,101,828 | 1,138,555 | 2,240,383 | | 2,240,383 | $ 4,526,779 | $ 4,340,935 | $ 8,867,714 | $ - | $ 8,867,714 | $ 3.958 |
| Aug-13 | 2,240,383 | 1,138,555 | 3,378,938 | | 3,378,938 | $ 8,867,714 | $ 4,240,207 | $ 13,107,921 | $ - | $ 13,107,921 | $ 3.879 |
| Sep-13 | 3,378,938 | 1,101,828 | 4,480,766 | | 4,480,766 | $ 13,107,921 | $ 4,072,360 | $ 17,180,281 | $ - | $ 17,180,281 | $ 3.834 |
| Oct-13 | 4,480,766 | 1,138,555 | 5,619,321 | | 5,619,321 | $ 17,180,281 | $ 4,227,649 | $ 21,407,930 | $ - | $ 21,407,930 | $ 3.810 |
| Nov-13 | 5,619,321 | | 5,619,321 | (547,884) | 5,071,437 | $ 21,407,930 | $ - | $ 21,407,930 | $ (2,087,274) | $ 19,320,656 | $ 3.810 |
| Dec-13 | 5,071,437 | | 5,071,437 | (1,376,733) | 3,694,704 | $ 19,320,656 | $ - | $ 19,320,656 | $ (5,244,940) | $ 14,075,715 | $ 3.810 |
| Jan-14 | 3,694,704 | | 3,694,704 | (1,376,734) | 2,317,970 | $ 14,075,715 | $ - | $ 14,075,715 | $ (5,244,944) | $ 8,830,771 | $ 3.810 |
| Feb-14 | 2,317,970 | | 2,317,970 | (1,376,734) | 941,236 | $ 8,830,771 | $ - | $ 8,830,771 | $ (5,244,944) | $ 3,585,827 | $ 3.810 |
| Mar-14 | 941,236 | | 941,236 | (547,884) | 393,352 | $ 3,585,827 | $ - | $ 3,585,827 | $ (2,087,274) | $ 1,498,553 | $ 3.810 |
| Apr-14 | 393,352 | | 393,352 | (393,352) | - | $ 1,498,553 | $ - | $ 1,498,553 | $ (1,498,553) | $ - | $ - |
| May-14 | - | | - | | - | $ - | $ - | $ - | $ - | $ - | $ - |
| Jun-14 | - | 1,101,828 | 1,101,828 | | 1,101,828 | $ - | $ 4,225,178 | $ 4,225,178 | $ - | $ 4,225,178 | $ 3.835 |
| Jul-14 | 1,101,828 | 1,138,555 | 2,240,383 | | 2,240,383 | $ 4,225,178 | $ 4,408,095 | $ 8,633,273 | $ - | $ 8,633,273 | $ 3.853 |
| Aug-14 | 2,240,383 | 1,138,555 | 3,378,938 | | 3,378,938 | $ 8,633,273 | $ 4,445,895 | $ 13,079,168 | $ - | $ 13,079,168 | $ 3.871 |
| Sep-14 | 3,378,938 | 1,101,828 | 4,480,766 | | 4,480,766 | $ 13,079,168 | $ 4,280,558 | $ 17,359,726 | $ - | $ 17,359,726 | $ 3.874 |
| Oct-14 | 4,480,766 | 1,138,555 | 5,619,321 | | 5,619,321 | $ 17,359,726 | $ 4,464,092 | $ 21,823,817 | $ - | $ 21,823,817 | $ 3.884 |
| Nov-14 | 5,619,321 | | 5,619,321 | (547,884) | 5,071,437 | $ 21,823,817 | $ - | $ 21,823,817 | $ (2,127,823) | $ 19,695,994 | $ 3.884 |
| Dec-14 | 5,071,437 | | 5,071,437 | (1,376,733) | 3,694,704 | $ 19,695,994 | $ - | $ 19,695,994 | $ (5,346,833) | $ 14,349,162 | $ 3.884 |
| Jan-15 | 3,694,704 | | 3,694,704 | (1,376,734) | 2,317,970 | $ 14,349,162 | $ - | $ 14,349,162 | $ (5,346,837) | $ 9,002,325 | $ 3.884 |
| Feb-15 | 2,317,970 | | 2,317,970 | (1,376,734) | 941,236 | $ 9,002,325 | $ - | $ 9,002,325 | $ (5,346,837) | $ 3,655,488 | $ 3.884 |
| Mar-15 | 941,236 | | 941,236 | (547,884) | 393,352 | $ 3,655,488 | $ - | $ 3,655,488 | $ (2,127,823) | $ 1,527,665 | $ 3.884 |
| Apr-15 | 393,352 | | 393,352 | (393,352) | - | $ 1,527,665 | $ - | $ 1,527,665 | $ (1,527,665) | $ - | $ - |
| May-15 | - | | - | | - | $ - | $ - | $ - | $ - | $ - | $ - |
| Jun-15 | - | 1,101,828 | 1,101,828 | | 1,101,828 | $ - | $ 4,226,573 | $ 4,226,573 | $ - | $ 4,226,573 | $ 3.836 |
| Jul-15 | 1,101,828 | 1,138,555 | 2,240,383 | | 2,240,383 | $ 4,226,573 | $ 4,408,681 | $ 8,635,254 | $ - | $ 8,635,254 | $ 3.854 |
| Aug-15 | 2,240,383 | 1,138,555 | 3,378,938 | | 3,378,938 | $ 8,635,254 | $ 4,444,443 | $ 13,079,698 | $ - | $ 13,079,698 | $ 3.871 |
| Sep-15 | 3,378,938 | 1,101,828 | 4,480,766 | | 4,480,766 | $ 13,079,698 | $ 4,279,196 | $ 17,358,893 | $ - | $ 17,358,893 | $ 3.874 |
| Oct-15 | 4,480,766 | 1,138,555 | 5,619,321 | | 5,619,321 | $ 17,358,893 | $ 4,459,801 | $ 21,818,694 | $ - | $ 21,818,694 | $ 3.883 |
| Nov-15 | 5,619,321 | | 5,619,321 | (547,884) | 5,071,437 | $ 21,818,694 | $ - | $ 21,818,694 | $ (2,127,323) | $ 19,691,370 | $ 3.883 |
| Dec-15 | 5,071,437 | | 5,071,437 | (1,376,733) | 3,694,704 | $ 19,691,370 | $ - | $ 19,691,370 | $ (5,345,577) | $ 14,345,793 | $ 3.883 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Storage

| | AECO Storage - in Dth (Consolidated) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Volumes in Dth | | | | | Dollars | | | | | |
| | Beginning Balance | Inj | Subtotal | W/D | Ending Balance | Beginning Balance | Inj | Subtotal | W/D | Ending Balance | WACOG |
| Jun-13 | 191,115 | 184,927 | 376,042 | | 376,042 | $ 682,128 | $ 652,977 | $ 1,335,105 | $ - | $ 1,335,105 | $ 3.550 |
| Jul-13 | 376,042 | 191,103 | 567,145 | | 567,145 | $ 1,335,105 | $ 587,642 | $ 1,922,747 | $ - | $ 1,922,747 | $ 3.390 |
| Aug-13 | 567,145 | 191,103 | 758,248 | | 758,248 | $ 1,922,747 | $ 505,945 | $ 2,428,692 | $ - | $ 2,428,692 | $ 3.203 |
| Sep-13 | 758,248 | 93,237 | 851,485 | | 851,485 | $ 2,428,692 | $ 226,566 | $ 2,655,258 | $ - | $ 2,655,258 | $ 3.118 |
| Oct-13 | 851,485 | 96,335 | 947,820 | - | 947,820 | $ 2,655,258 | $ 233,131 | $ 2,888,389 | $ - | $ 2,888,389 | $ 3.047 |
| Nov-13 | 947,820 | | 947,820 | (85,304) | 862,516 | $ 2,888,389 | $ - | $ 2,888,389 | $ (259,956) | $ 2,628,433 | $ 3.047 |
| Dec-13 | 862,516 | | 862,516 | (231,768) | 630,748 | $ 2,628,433 | $ - | $ 2,628,433 | $ (706,290) | $ 1,922,143 | $ 3.047 |
| Jan-14 | 630,748 | | 630,748 | (231,769) | 398,979 | $ 1,922,143 | $ - | $ 1,922,143 | $ (706,293) | $ 1,215,849 | $ 3.047 |
| Feb-14 | 398,979 | | 398,979 | (209,339) | 189,640 | $ 1,215,849 | $ - | $ 1,215,849 | $ (637,940) | $ 577,909 | $ 3.047 |
| Mar-14 | 189,640 | | 189,640 | (96,375) | 93,265 | $ 577,909 | $ - | $ 577,909 | $ (293,693) | $ 284,216 | $ 3.047 |
| Apr-14 | 93,265 | | 93,265 | (93,265) | - | $ 284,216 | $ - | $ 284,216 | $ (284,216) | $ - | $ - |
| May-14 | - | 191,103 | 191,103 | | 191,103 | $ - | $ 645,164 | $ 645,164 | $ - | $ 645,164 | $ 3.376 |
| Jun-14 | 191,103 | 184,939 | 376,042 | | 376,042 | $ 645,164 | $ 625,279 | $ 1,270,442 | $ - | $ 1,270,442 | $ 3.378 |
| Jul-14 | 376,042 | 191,103 | 567,145 | | 567,145 | $ 1,270,442 | $ 647,839 | $ 1,918,282 | $ - | $ 1,918,282 | $ 3.382 |
| Aug-14 | 567,145 | 191,103 | 758,248 | | 758,248 | $ 1,918,282 | $ 649,177 | $ 2,567,459 | $ - | $ 2,567,459 | $ 3.386 |
| Sep-14 | 758,248 | 93,237 | 851,485 | | 851,485 | $ 2,567,459 | $ 317,565 | $ 2,885,024 | $ - | $ 2,885,024 | $ 3.388 |
| Oct-14 | 851,485 | 96,335 | 947,820 | | 947,820 | $ 2,885,024 | $ 335,968 | $ 3,220,992 | $ - | $ 3,220,992 | $ 3.398 |
| Nov-14 | 947,820 | | 947,820 | (85,304) | 862,516 | $ 3,220,992 | $ - | $ 3,220,992 | $ (289,890) | $ 2,931,102 | $ 3.398 |
| Dec-14 | 862,516 | | 862,516 | (231,768) | 630,748 | $ 2,931,102 | $ - | $ 2,931,102 | $ (787,621) | $ 2,143,481 | $ 3.398 |
| Jan-15 | 630,748 | | 630,748 | (231,769) | 398,979 | $ 2,143,481 | $ - | $ 2,143,481 | $ (787,624) | $ 1,355,857 | $ 3.398 |
| Feb-15 | 398,979 | | 398,979 | (209,339) | 189,640 | $ 1,355,857 | $ - | $ 1,355,857 | $ (711,400) | $ 644,457 | $ 3.398 |
| Mar-15 | 189,640 | | 189,640 | (96,375) | 93,265 | $ 644,457 | $ - | $ 644,457 | $ (327,513) | $ 316,944 | $ 3.398 |
| Apr-15 | 93,265 | | 93,265 | (93,265) | - | $ 316,944 | $ - | $ 316,944 | $ (316,944) | $ - | $ - |
| May-15 | - | 191,103 | 191,103 | | 191,103 | $ - | $ 645,164 | $ 645,164 | $ - | $ 645,164 | $ 3.376 |
| Jun-15 | 191,103 | 184,939 | 376,042 | | 376,042 | $ 645,164 | $ 625,279 | $ 1,270,442 | $ - | $ 1,270,442 | $ 3.378 |
| Jul-15 | 376,042 | 191,103 | 567,145 | | 567,145 | $ 1,270,442 | $ 647,839 | $ 1,918,282 | $ - | $ 1,918,282 | $ 3.382 |
| Aug-15 | 567,145 | 191,103 | 758,248 | | 758,248 | $ 1,918,282 | $ 649,177 | $ 2,567,459 | $ - | $ 2,567,459 | $ 3.386 |
| Sep-15 | 758,248 | 93,237 | 851,485 | | 851,485 | $ 2,567,459 | $ 317,565 | $ 2,885,024 | $ - | $ 2,885,024 | $ 3.388 |
| Oct-15 | 851,485 | 96,335 | 947,820 | | 947,820 | $ 2,885,024 | $ 335,968 | $ 3,220,992 | $ - | $ 3,220,992 | $ 3.398 |
| Nov-15 | 947,820 | | 947,820 | (85,304) | 862,516 | $ 3,220,992 | $ - | $ 3,220,992 | $ (289,890) | $ 2,931,102 | $ 3.398 |
| Dec-15 | 862,516 | | 862,516 | (231,768) | 630,748 | $ 2,931,102 | $ - | $ 2,931,102 | $ (787,621) | $ 2,143,481 | $ 3.398 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### NNG Gas Commodity Costs

| Date | Projected Price NNG Ventura | Projected Price Bison | Total NNG Sales | Co Use | Gas Loss | Net Sales Forecast | NNG Storage Inj/WD | Total Net Requirement | Total Gross Flowing Gas Requirement | Gross NNG Storage Requirement | Days | Bison Capacity | Ventura Capacity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *NOTES:* | *Price at Ventura* | *Price at Bison plus gathering cost* | *Forecasted sales* | *Forecasted Co Use* | *Forecasted Gas Loss* | *Add sales together* | *From Storage tab - injections and withdraws* | *Sales forecast plus storage* | *Total Requirement grossed up for fuel* | *Storage requirement grossed up for fuel* | | *Bison Capacity is first 25,000 dths per day* | *Ventura Capacity - anything over 25,000 dth per day* |
| **Jun-13** | $ 4.0700 | $ 4.2650 | 1,054,945 | 113 | 5,275 | 1,060,333 | 799,258 | 1,859,591 | 1,895,071 | 821,859 | 31 | 775,000 | 1,120,071 |
| **Jul-13** | $ 3.6300 | $ 3.8250 | 573,363 | 21 | 2,867 | 576,251 | 1,138,555 | 1,714,806 | 1,754,000 | 1,170,751 | 28 | 700,000 | 1,054,000 |
| **Aug-13** | $ 3.5600 | $ 3.6950 | 513,780 | 11 | 2,569 | 516,360 | 1,138,555 | 1,654,915 | 1,693,382 | 1,170,751 | 31 | 775,000 | 918,382 |
| **Sep-13** | $ 3.5500 | $ 3.6450 | 465,008 | 55 | 2,325 | 467,389 | 1,101,828 | 1,569,217 | 1,606,051 | 1,132,985 | 30 | 750,000 | 856,051 |
| **Oct-13** | $ 3.5600 | $ 3.6850 | 714,079 | 223 | 3,570 | 717,873 | 1,138,555 | 1,856,428 | 1,897,343 | 1,170,751 | 31 | 775,000 | 1,122,343 |
| **Nov-13** | $ 3.7400 | $ 3.9350 | 1,695,380 | 450 | 8,477 | 1,704,308 | (547,884) | 1,156,424 | 1,172,843 | - | 30 | 750,000 | 422,843 |
| **Dec-13** | $ 3.7400 | $ 3.9750 | 3,391,818 | 800 | 16,959 | 3,409,577 | (1,376,733) | 2,032,844 | 2,061,708 | - | 31 | 775,000 | 1,286,708 |
| **Jan-14** | $ 4.5880 | $ 4.5090 | 4,362,604 | 990 | 21,813 | 4,385,407 | (1,376,734) | 3,008,673 | 3,051,393 | - | 31 | 775,000 | 2,276,393 |
| **Feb-14** | $ 4.5850 | $ 4.5135 | 4,058,260 | 983 | 20,291 | 4,079,534 | (1,376,734) | 2,702,800 | 2,741,176 | - | 30 | 750,000 | 1,991,176 |
| **Mar-14** | $ 4.3195 | $ 4.3680 | 3,532,628 | 1,140 | 17,663 | 3,551,431 | (547,884) | 3,003,547 | 3,046,194 | - | 31 | 775,000 | 2,271,194 |
| **Apr-14** | $ 3.8565 | $ 3.9115 | 2,102,613 | 557 | 10,513 | 2,113,683 | (393,352) | 1,720,331 | 1,744,757 | - | 30 | 750,000 | 994,757 |
| **May-14** | $ 3.7860 | $ 3.8935 | 1,286,670 | 281 | 6,433 | 1,293,384 | - | 1,293,384 | 1,309,093 | - | 31 | 775,000 | 534,093 |
| **Jun-14** | $ 3.7710 | $ 3.9185 | 650,294 | 113 | 3,251 | 653,659 | 1,101,828 | 1,755,487 | 1,794,583 | 1,101,827.97 | 31 | 775,000 | 1,019,583 |
| **Jul-14** | $ 3.8000 | $ 3.9750 | 529,643 | 21 | 2,648 | 532,312 | 1,138,555 | 1,670,867 | 1,709,528 | 1,138,554.97 | 28 | 700,000 | 1,009,528 |
| **Aug-14** | $ 3.8345 | $ 3.9870 | 500,444 | 11 | 2,502 | 502,957 | 1,138,555 | 1,641,512 | 1,679,816 | 1,138,554.97 | 31 | 775,000 | 904,816 |
| **Sep-14** | $ 3.8285 | $ 3.9685 | 714,377 | 55 | 3,572 | 718,004 | 1,101,828 | 1,819,832 | 1,859,710 | 1,101,828 | 30 | 750,000 | 1,109,710 |
| **Oct-14** | $ 3.8775 | $ 4.0125 | 1,222,062 | 223 | 6,110 | 1,228,396 | 1,138,555 | 2,366,951 | 2,414,066 | 1,138,555 | 31 | 775,000 | 1,639,066 |
| **Nov-14** | $ 4.1090 | $ 4.2000 | 2,150,879 | 450 | 10,754 | 2,162,084 | (547,884) | 1,614,200 | 1,637,120 | - | 30 | 750,000 | 887,120 |
| **Dec-14** | $ 4.2565 | $ 4.3900 | 3,475,758 | 800 | 17,379 | 3,493,936 | (1,376,733) | 2,117,203 | 2,147,265 | - | 31 | 775,000 | 1,372,265 |
| **Jan-15** | $ 4.5880 | $ 4.5090 | 4,148,100 | 990 | 20,741 | 4,169,831 | (1,376,734) | 2,793,097 | 2,832,755 | - | 31 | 775,000 | 2,057,755 |
| **Feb-15** | $ 4.5850 | $ 4.5135 | 3,800,310 | 983 | 19,002 | 3,820,294 | (1,376,734) | 2,443,560 | 2,478,255 | - | 30 | 750,000 | 1,728,255 |
| **Mar-15** | $ 4.3195 | $ 4.3680 | 3,018,653 | 1,140 | 15,093 | 3,034,886 | (547,884) | 2,487,002 | 2,522,314 | - | 31 | 775,000 | 1,747,314 |
| **Apr-15** | $ 3.8565 | $ 3.9115 | 1,950,390 | 557 | 9,752 | 1,960,699 | (393,352) | 1,567,347 | 1,589,602 | - | 30 | 750,000 | 839,602 |
| **May-15** | $ 3.7860 | $ 3.8935 | 1,177,499 | 281 | 5,887 | 1,183,668 | - | 1,183,668 | 1,198,045 | - | 31 | 775,000 | 423,045 |
| **Jun-15** | $ 3.7710 | $ 3.9185 | 615,909 | 113 | 3,080 | 619,102 | 1,101,828 | 1,720,930 | 1,759,607 | 1,101,827.97 | 31 | 775,000 | 984,607 |
| **Jul-15** | $ 3.8000 | $ 3.9750 | 517,648 | 21 | 2,588 | 520,257 | 1,138,555 | 1,658,812 | 1,697,327 | 1,138,554.97 | 28 | 700,000 | 997,327 |
| **Aug-15** | $ 3.8345 | $ 3.9870 | 530,922 | 11 | 2,655 | 533,587 | 1,138,555 | 1,672,142 | 1,710,818 | 1,138,554.97 | 31 | 775,000 | 935,818 |
| **Sep-15** | $ 3.8285 | $ 3.9685 | 755,315 | 55 | 3,777 | 759,147 | 1,101,828 | 1,860,975 | 1,901,353 | 1,101,828 | 30 | 750,000 | 1,151,353 |
| **Oct-15** | $ 3.8775 | $ 4.0125 | 1,448,084 | 223 | 7,240 | 1,455,548 | 1,138,555 | 2,594,103 | 2,643,977 | 1,138,555 | 31 | 775,000 | 1,868,977 |
| **Nov-15** | $ 4.1090 | $ 4.2000 | 2,292,225 | 450 | 11,461 | 2,304,137 | (547,884) | 1,756,253 | 1,781,189 | - | 30 | 750,000 | 1,031,189 |
| **Dec-15** | $ 4.2565 | $ 4.3900 | 3,347,433 | 800 | 16,737 | 3,364,969 | (1,376,733) | 1,988,236 | 2,016,467 | - | 31 | 775,000 | 1,241,467 |
| | | | 56,597,095 | 12,922 | 282,985 | 56,893,002 | 3,392,134 | 60,285,136 | 61,346,809 | 16,705,738 | | 23,550,000 | 37,796,809 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### NNG Gas Commodity Costs

| Date | Bison Cost | Ventura Cost | Requirement Total Cost | Total Flowing Gas Cost | Total NNG Storage Cost | Storage Gas Cost | Sales Gas Cost | Projected Gas Cost Per Unit | NNG Commodity Surcharge Cost | NNG ACA Surcharge Cost | NNG Storage Inj/WD Cost | Total Volumetric Cost | Projected Volumetric cost per unit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *NOTES:* | *Bison Capacity times Bison Price* | *Ventura Capacity times Ventura Price* | | *Flowing gas cost (remove storage injection)* | *Cost of gas injected into storage* | *Gas withdrawals priced at storage WACOG* | *Flowing gas plus gas withdrawn from storage* | *Total cost divided by Net Sales* | *Total requirement times Commodity Surcharge* | *Total requirement times ACA Surcharge* | *Storage Inj/WD times Storage Surcharge* | | *Total Volumetric cost divdied by total requirement* |
| Jun-13 | $ 3,305,375 | $ 4,558,688 | $ 7,864,063 | $ 4,453,556 | $ 3,410,507 | $ - | $ 4,453,556 | $ 4.2001 | $ 68,033 | $ 3,411 | $ 11,909 | $ 83,353 | $ 0.0440 |
| Jul-13 | $ 2,677,500 | $ 3,826,021 | $ 6,503,521 | $ 2,162,586 | $ 4,340,935 | $ - | $ 2,162,586 | $ 3.7529 | $ 62,969 | $ 3,157 | $ 16,964 | $ 83,090 | $ 0.0474 |
| Aug-13 | $ 2,863,625 | $ 3,269,442 | $ 6,133,067 | $ 1,892,860 | $ 4,240,207 | $ - | $ 1,892,860 | $ 3.6658 | $ 60,792 | $ 3,048 | $ 16,964 | $ 80,805 | $ 0.0477 |
| Sep-13 | $ 2,733,750 | $ 3,038,979 | $ 5,772,729 | $ 1,700,369 | $ 4,072,360 | $ - | $ 1,700,369 | $ 3.6380 | $ 57,657 | $ 2,891 | $ 16,417 | $ 76,965 | $ 0.0479 |
| Oct-13 | $ 2,855,875 | $ 3,995,539 | $ 6,851,414 | $ 2,623,766 | $ 4,227,649 | $ - | $ 2,623,766 | $ 3.6549 | $ 68,115 | $ 3,415 | $ 16,964 | $ 88,494 | $ 0.0466 |
| Nov-13 | $ 2,951,250 | $ 1,581,434 | $ 4,532,684 | $ 4,532,684 | $ - | $ 2,087,274 | $ 6,619,958 | $ 3.8843 | $ 42,105 | $ 2,111 | $ 8,163 | $ 52,380 | $ 0.0447 |
| Dec-13 | $ 3,080,625 | $ 4,812,288 | $ 7,892,913 | $ 7,892,913 | $ - | $ 5,244,940 | $ 13,137,853 | $ 3.8532 | $ 74,015 | $ 3,711 | $ 20,513 | $ 98,240 | $ 0.0476 |
| Jan-14 | $ 3,494,475 | $ 10,444,089 | $ 13,938,564 | $ 13,938,564 | $ - | $ 5,244,944 | $ 19,183,508 | $ 4.3744 | $ 109,545 | $ 5,493 | $ 20,513 | $ 135,551 | $ 0.0444 |
| Feb-14 | $ 3,385,125 | $ 9,129,543 | $ 12,514,668 | $ 12,514,668 | $ - | $ 5,244,944 | $ 17,759,613 | $ 4.3533 | $ 98,408 | $ 4,934 | $ 20,513 | $ 123,856 | $ 0.0452 |
| Mar-14 | $ 3,385,200 | $ 9,810,423 | $ 13,195,623 | $ 13,195,623 | $ - | $ 2,087,274 | $ 15,282,897 | $ 4.3033 | $ 109,358 | $ 5,483 | $ 8,163 | $ 123,005 | $ 0.0404 |
| Apr-14 | $ 2,933,625 | $ 3,836,282 | $ 6,769,907 | $ 6,769,907 | $ - | $ 1,498,553 | $ 8,268,460 | $ 3.9119 | $ 62,637 | $ 3,141 | $ 5,861 | $ 71,638 | $ 0.0411 |
| May-14 | $ 3,017,463 | $ 2,022,078 | $ 5,039,540 | $ 5,039,540 | $ - | $ - | $ 5,039,540 | $ 3.8964 | $ 46,996 | $ 2,356 | $ - | $ 49,353 | $ 0.0377 |
| Jun-14 | $ 3,036,838 | $ 3,844,849 | $ 6,881,687 | $ 2,656,509 | $ 4,225,178 | $ - | $ 2,656,509 | $ 4.0641 | $ 64,426 | $ 3,230 | $ 16,417 | $ 84,073 | $ 0.0468 |
| Jul-14 | $ 2,782,500 | $ 3,836,207 | $ 6,618,707 | $ 2,210,612 | $ 4,408,095 | $ - | $ 2,210,612 | $ 4.1528 | $ 61,372 | $ 3,077 | $ 16,964 | $ 81,414 | $ 0.0476 |
| Aug-14 | $ 3,089,925 | $ 3,469,518 | $ 6,559,443 | $ 2,113,548 | $ 4,445,895 | $ - | $ 2,113,548 | $ 4.2022 | $ 60,305 | $ 3,024 | $ 16,964 | $ 80,294 | $ 0.0478 |
| Sep-14 | $ 2,976,375 | $ 4,248,525 | $ 7,224,900 | $ 2,944,342 | $ 4,280,558 | $ - | $ 2,944,342 | $ 4.1007 | $ 66,764 | $ 3,347 | $ 16,417 | $ 86,528 | $ 0.0465 |
| Oct-14 | $ 3,109,688 | $ 6,355,479 | $ 9,465,166 | $ 5,001,075 | $ 4,464,092 | $ - | $ 5,001,075 | $ 4.0712 | $ 86,665 | $ 4,345 | $ 16,964 | $ 107,975 | $ 0.0447 |
| Nov-14 | $ 3,150,000 | $ 3,645,174 | $ 6,795,174 | $ 6,795,174 | $ - | $ 2,127,823 | $ 8,922,997 | $ 4.1270 | $ 58,773 | $ 2,947 | $ 8,163 | $ 69,883 | $ 0.0427 |
| Dec-14 | $ 3,402,250 | $ 5,841,045 | $ 9,243,295 | $ 9,243,295 | $ - | $ 5,346,833 | $ 14,590,128 | $ 4.1758 | $ 77,087 | $ 3,865 | $ 20,513 | $ 101,465 | $ 0.0473 |
| Jan-15 | $ 3,494,475 | $ 9,440,981 | $ 12,935,456 | $ 12,935,456 | $ - | $ 5,346,837 | $ 18,282,293 | $ 4.3844 | $ 101,696 | $ 5,099 | $ 20,513 | $ 127,308 | $ 0.0449 |
| Feb-15 | $ 3,385,125 | $ 7,924,050 | $ 11,309,175 | $ 11,309,175 | $ - | $ 5,346,837 | $ 16,656,011 | $ 4.3599 | $ 88,969 | $ 4,461 | $ 20,513 | $ 113,944 | $ 0.0460 |
| Mar-15 | $ 3,385,200 | $ 7,547,524 | $ 10,932,724 | $ 10,932,724 | $ - | $ 2,127,823 | $ 13,060,547 | $ 4.3035 | $ 90,551 | $ 4,540 | $ 8,163 | $ 103,255 | $ 0.0409 |
| Apr-15 | $ 2,933,625 | $ 3,237,923 | $ 6,171,548 | $ 6,171,548 | $ - | $ 1,527,665 | $ 7,699,214 | $ 3.9268 | $ 57,067 | $ 2,861 | $ 5,861 | $ 65,789 | $ 0.0414 |
| May-15 | $ 3,017,463 | $ 1,601,647 | $ 4,619,109 | $ 4,619,109 | $ - | $ - | $ 4,619,109 | $ 3.9024 | $ 43,010 | $ 2,156 | $ - | $ 45,166 | $ 0.0377 |
| Jun-15 | $ 3,036,838 | $ 3,712,953 | $ 6,749,790 | $ 2,523,217 | $ 4,226,573 | $ - | $ 2,523,217 | $ 4.0756 | $ 63,170 | $ 3,167 | $ 16,417 | $ 82,754 | $ 0.0470 |
| Jul-15 | $ 2,782,500 | $ 3,789,843 | $ 6,572,343 | $ 2,163,662 | $ 4,408,681 | $ - | $ 2,163,662 | $ 4.1588 | $ 60,934 | $ 3,055 | $ 16,964 | $ 80,954 | $ 0.0477 |
| Aug-15 | $ 3,089,925 | $ 3,588,396 | $ 6,678,321 | $ 2,233,878 | $ 4,444,443 | $ - | $ 2,233,878 | $ 4.1865 | $ 61,418 | $ 3,079 | $ 16,964 | $ 81,462 | $ 0.0476 |
| Sep-15 | $ 2,976,375 | $ 4,407,953 | $ 7,384,328 | $ 3,105,133 | $ 4,279,196 | $ - | $ 3,105,133 | $ 4.0903 | $ 68,259 | $ 3,422 | $ 16,417 | $ 88,098 | $ 0.0463 |
| Oct-15 | $ 3,109,688 | $ 7,246,959 | $ 10,356,647 | $ 5,896,846 | $ 4,459,801 | $ - | $ 5,896,846 | $ 4.0513 | $ 94,919 | $ 4,759 | $ 16,964 | $ 116,642 | $ 0.0441 |
| Nov-15 | $ 3,150,000 | $ 4,237,156 | $ 7,387,156 | $ 7,387,156 | $ - | $ 2,127,323 | $ 9,514,480 | $ 4.1293 | $ 63,945 | $ 3,206 | $ 8,163 | $ 75,314 | $ 0.0423 |
| Dec-15 | $ 3,402,250 | $ 5,284,303 | $ 8,686,553 | $ 8,686,553 | $ - | $ 5,345,577 | $ 14,032,131 | $ 4.1701 | $ 72,391 | $ 3,630 | $ 20,513 | $ 96,534 | $ 0.0479 |
| | $ 95,994,925 | $ 153,585,292 | $ 249,580,217 | $ 185,646,049 | $ 63,934,169 | $ 50,704,648 | $ 236,350,697 | | $ 2,202,350 | $ 110,424 | $ 442,808 | $ 2,755,583 | |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Consolidated Gas Commodity Costs

| Date | Projected Price AECO | Projected Price Emerson | Total GLGT Sales | Total GLGT Co Use | Total GLGT Gas Loss | Net GLGT Sales Forecast | Total VGT Sales | Total VGT Co Use | Total VGT Gas Loss | Net VGT Sales Forecast | Total Centra Sales | Total Centra Gas Loss | Net Centra Sales Forecast | Total Net Consolidated Sales Forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *NOTES:* | *Price at AECO* | *Price at Emerson* | *Forecasted Sales* | *Forecasted Co Use* | *Forecasted Gas Loss* | *Total GLGT Sales Forecast* | *Forecasted Sales* | *Forecasted Co Use* | *Forecasted Gas Loss* | *Total VGT Sales Forecast* | *Forecasted Sales* | *Forecasted Gas Loss* | *Total Centra Sales* | *Total Net Sales Forecast all Pipes* |
| **Jun-13** | $ 3.5310 | $ 4.2230 | 82,382 | 231 | 412 | 83,025 | 72,985 | 194 | 365 | 73,544 | 65,812 | 329 | 66,141 | 222,711 |
| **Jul-13** | $ 3.0750 | $ 3.7070 | 41,976 | 231 | 210 | 42,417 | 38,047 | 194 | 190 | 38,431 | 41,814 | 209 | 42,023 | 122,872 |
| **Aug-13** | $ 2.6475 | $ 3.7140 | 44,070 | 240 | 220 | 44,530 | 36,781 | 186 | 184 | 37,151 | 38,856 | 194 | 39,050 | 120,731 |
| **Sep-13** | $ 2.4300 | $ 3.7320 | 35,721 | 234 | 179 | 36,133 | 30,798 | 192 | 154 | 31,143 | 41,280 | 206 | 41,486 | 108,763 |
| **Oct-13** | $ 2.4200 | $ 3.7680 | 62,078 | 225 | 310 | 62,614 | 68,371 | 200 | 342 | 68,913 | 54,524 | 273 | 54,797 | 186,323 |
| **Nov-13** | $ 3.2900 | $ 3.6660 | 160,271 | 228 | 801 | 161,300 | 152,533 | 198 | 763 | 153,493 | 98,613 | 493 | 99,106 | 413,899 |
| **Dec-13** | $ 3.3200 | $ 3.9780 | 296,726 | 477 | 1,484 | 298,687 | 284,972 | 429 | 1,425 | 286,826 | 164,990 | 825 | 165,815 | 751,327 |
| **Jan-14** | $ 3.8940 | $ 4.9490 | 400,134 | 838 | 2,001 | 402,972 | 358,257 | 704 | 1,791 | 360,752 | 211,785 | 1,059 | 212,844 | 976,567 |
| **Feb-14** | $ 3.8685 | $ 4.7910 | 363,030 | 635 | 1,815 | 365,481 | 352,096 | 577 | 1,760 | 354,433 | 198,723 | 994 | 199,717 | 919,630 |
| **Mar-14** | $ 3.7805 | $ 4.5680 | 289,226 | 627 | 1,446 | 291,299 | 334,636 | 674 | 1,673 | 336,983 | 163,015 | 815 | 163,830 | 792,112 |
| **Apr-14** | $ 3.4315 | $ 3.8240 | 199,421 | 510 | 997 | 200,928 | 190,012 | 449 | 950 | 191,411 | 111,846 | 559 | 112,405 | 504,744 |
| **May-14** | $ 3.3760 | $ 3.8060 | 126,246 | 227 | 631 | 127,105 | 118,922 | 199 | 595 | 119,715 | 84,116 | 421 | 84,537 | 331,357 |
| **Jun-14** | $ 3.3810 | $ 3.8310 | 55,923 | 231 | 280 | 56,433 | 52,785 | 195 | 264 | 53,244 | 52,597 | 263 | 52,860 | 162,537 |
| **Jul-14** | $ 3.3900 | $ 3.8600 | 41,508 | 232 | 208 | 41,948 | 37,013 | 193 | 185 | 37,392 | 37,938 | 190 | 38,127 | 117,467 |
| **Aug-14** | $ 3.3970 | $ 3.8720 | 39,981 | 240 | 200 | 40,421 | 33,475 | 186 | 167 | 33,828 | 35,725 | 179 | 35,903 | 110,152 |
| **Sep-14** | $ 3.4060 | $ 3.8610 | 61,715 | 234 | 309 | 62,257 | 52,051 | 192 | 260 | 52,502 | 49,679 | 248 | 49,927 | 164,687 |
| **Oct-14** | $ 3.4875 | $ 3.8950 | 102,950 | 225 | 515 | 103,690 | 105,275 | 200 | 526 | 106,001 | 73,437 | 367 | 73,804 | 283,495 |
| **Nov-14** | $ 3.6750 | $ 4.3100 | 188,541 | 228 | 943 | 189,712 | 177,485 | 197 | 887 | 178,570 | 111,013 | 555 | 111,568 | 479,850 |
| **Dec-14** | $ 3.7800 | $ 4.4550 | 301,065 | 478 | 1,505 | 303,048 | 288,251 | 429 | 1,441 | 290,121 | 165,570 | 828 | 166,398 | 759,567 |
| **Jan-15** | $ 3.8940 | $ 4.9490 | 397,344 | 838 | 1,987 | 400,169 | 354,218 | 704 | 1,771 | 356,693 | 206,519 | 1,033 | 207,551 | 964,413 |
| **Feb-15** | $ 3.8685 | $ 4.7910 | 332,808 | 635 | 1,664 | 335,107 | 319,943 | 577 | 1,600 | 322,120 | 175,373 | 877 | 176,250 | 833,476 |
| **Mar-15** | $ 3.7805 | $ 4.5680 | 255,492 | 628 | 1,277 | 257,397 | 293,646 | 674 | 1,468 | 295,788 | 140,883 | 704 | 141,587 | 694,771 |
| **Apr-15** | $ 3.4315 | $ 3.8240 | 182,229 | 510 | 911 | 183,650 | 171,661 | 449 | 858 | 172,969 | 97,401 | 487 | 97,888 | 454,507 |
| **May-15** | $ 3.3760 | $ 3.8060 | 103,778 | 227 | 519 | 104,524 | 96,579 | 199 | 483 | 97,261 | 65,021 | 325 | 65,346 | 267,131 |
| **Jun-15** | $ 3.3810 | $ 3.8310 | 42,084 | 231 | 210 | 42,526 | 39,477 | 195 | 197 | 39,869 | 38,831 | 194 | 39,025 | 121,420 |
| **Jul-15** | $ 3.3900 | $ 3.8600 | 25,294 | 233 | 126 | 25,653 | 22,985 | 193 | 115 | 23,292 | 28,605 | 143 | 28,748 | 77,694 |
| **Aug-15** | $ 3.3970 | $ 3.8720 | 29,329 | 240 | 147 | 29,715 | 25,250 | 186 | 126 | 25,562 | 32,656 | 163 | 32,819 | 88,096 |
| **Sep-15** | $ 3.4060 | $ 3.8610 | 63,705 | 234 | 319 | 64,258 | 53,752 | 191 | 269 | 54,212 | 52,750 | 264 | 53,014 | 171,484 |
| **Oct-15** | $ 3.4875 | $ 3.8950 | 128,223 | 225 | 641 | 129,089 | 130,077 | 200 | 650 | 130,928 | 89,098 | 445 | 89,543 | 349,560 |
| **Nov-15** | $ 3.6750 | $ 4.3100 | 229,957 | 228 | 1,150 | 231,335 | 216,010 | 198 | 1,080 | 217,287 | 134,004 | 670 | 134,674 | 583,297 |
| **Dec-15** | $ 3.7800 | $ 4.4550 | 333,232 | 478 | 1,666 | 335,376 | 319,084 | 429 | 1,595 | 321,108 | 183,318 | 917 | 184,234 | 840,719 |
| | | | 5,016,438 | 11,277 | 25,082 | 5,052,797 | 4,827,425 | 9,979 | 24,137 | 4,861,540 | 3,045,789 | 15,229 | 3,061,018 | 12,975,356 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Consolidated Gas Commodity Costs

| *NOTES:* | *From Storage tab - injections and withdraws* | *Sales forecast plus storage* | *Total Requirement grossed up for fuel* | *Total Requirement grossed up for fuel* | *Total Requirement grossed up for fuel* | *Total Requirement for all pipes* | *Storage requirement (fuel is add on cost)* | | *Requirement minus AECO injections* |
|---|---|---|---|---|---|---|---|---|---|
| **Date** | **AECO Inj/WD** | **Total Net Requirement** | **Total Gross Requirement - GLGT** | **Total Gross Requirement - VGT** | **Total Gross Requirement - Centra** | **Total Gross Requirement - Consolidated** | **Total Gross AECO Requirement** | **Requirement Total Cost** | **Total Flowing Gas Cost** |
| **Jun-13** | 184,927 | 407,638 | 83,610 | 74,664 | 66,208 | 409,409 | 184,927 | $ 1,600,965 | $ 947,988 |
| **Jul-13** | 191,103 | 313,975 | 42,716 | 39,017 | 42,066 | 314,901 | 191,103 | $ 1,046,561 | $ 458,919 |
| **Aug-13** | 191,103 | 311,834 | 44,844 | 37,717 | 39,089 | 312,753 | 191,103 | $ 957,752 | $ 451,807 |
| **Sep-13** | 93,237 | 202,000 | 36,388 | 31,256 | 41,528 | 202,408 | 93,237 | $ 633,993 | $ 407,427 |
| **Oct-13** | 96,335 | 282,658 | 63,055 | 69,162 | 54,852 | 283,404 | 96,335 | $ 938,005 | $ 704,874 |
| **Nov-13** | (85,304) | 328,595 | 162,437 | 154,047 | 99,205 | 415,690 | - | $ 1,243,268 | $ 1,243,268 |
| **Dec-13** | (231,768) | 519,559 | 300,792 | 287,862 | 165,981 | 754,635 | - | $ 2,232,469 | $ 2,232,469 |
| **Jan-14** | (231,769) | 744,798 | 405,813 | 362,055 | 213,057 | 980,924 | - | $ 3,952,085 | $ 3,952,085 |
| **Feb-14** | (209,339) | 710,291 | 368,057 | 355,714 | 199,916 | 923,687 | - | $ 3,615,557 | $ 3,615,557 |
| **Mar-14** | (96,375) | 695,737 | 293,353 | 338,201 | 163,994 | 795,547 | - | $ 3,269,714 | $ 3,269,714 |
| **Apr-14** | (93,265) | 411,479 | 202,344 | 194,326 | 112,518 | 509,188 | - | $ 1,627,096 | $ 1,627,096 |
| **May-14** | 191,103 | 522,460 | 128,001 | 121,538 | 84,622 | 525,263 | 191,103 | $ 1,916,978 | $ 1,271,815 |
| **Jun-14** | 184,939 | 347,476 | 56,831 | 54,055 | 52,913 | 348,737 | 184,939 | $ 1,252,790 | $ 627,511 |
| **Jul-14** | 191,103 | 308,570 | 42,244 | 37,961 | 38,165 | 309,473 | 191,103 | $ 1,104,749 | $ 456,910 |
| **Aug-14** | 191,103 | 301,255 | 40,706 | 34,343 | 35,939 | 302,091 | 191,103 | $ 1,078,922 | $ 429,745 |
| **Sep-14** | 93,237 | 257,924 | 62,696 | 52,692 | 49,977 | 258,602 | 93,237 | $ 956,041 | $ 638,476 |
| **Oct-14** | 96,335 | 379,830 | 104,421 | 106,384 | 73,878 | 381,018 | 96,335 | $ 1,444,808 | $ 1,108,840 |
| **Nov-14** | (85,304) | 394,546 | 191,049 | 179,215 | 111,680 | 481,944 | - | $ 1,763,687 | $ 1,763,687 |
| **Dec-14** | (231,768) | 527,799 | 305,185 | 291,170 | 166,564 | 762,918 | - | $ 2,522,718 | $ 2,522,718 |
| **Jan-15** | (231,769) | 732,644 | 402,990 | 357,982 | 207,759 | 968,730 | - | $ 3,891,737 | $ 3,891,737 |
| **Feb-15** | (209,339) | 624,137 | 337,469 | 323,283 | 176,426 | 837,179 | - | $ 3,201,094 | $ 3,201,094 |
| **Mar-15** | (96,375) | 598,396 | 259,211 | 296,856 | 141,729 | 697,796 | - | $ 2,823,187 | $ 2,823,187 |
| **Apr-15** | (93,265) | 361,242 | 184,945 | 175,603 | 97,986 | 458,534 | - | $ 1,433,394 | $ 1,433,394 |
| **May-15** | 191,103 | 458,234 | 105,261 | 98,742 | 65,411 | 460,517 | 191,103 | $ 1,670,553 | $ 1,025,390 |
| **Jun-15** | 184,939 | 306,359 | 42,825 | 40,476 | 39,064 | 307,305 | 184,939 | $ 1,094,061 | $ 468,782 |
| **Jul-15** | 191,103 | 268,797 | 25,834 | 23,647 | 28,777 | 269,361 | 191,103 | $ 949,915 | $ 302,076 |
| **Aug-15** | 191,103 | 279,199 | 29,925 | 25,951 | 32,852 | 279,830 | 191,103 | $ 992,730 | $ 343,553 |
| **Sep-15** | 93,237 | 264,721 | 64,711 | 54,408 | 53,067 | 265,423 | 93,237 | $ 982,374 | $ 664,808 |
| **Oct-15** | 96,335 | 445,895 | 129,999 | 131,401 | 89,633 | 447,368 | 96,335 | $ 1,703,240 | $ 1,367,272 |
| **Nov-15** | (85,304) | 497,993 | 232,966 | 218,073 | 134,809 | 585,847 | - | $ 2,211,509 | $ 2,211,509 |
| **Dec-15** | (231,768) | 608,951 | 337,740 | 322,269 | 184,419 | 844,427 | - | $ 2,885,841 | $ 2,885,841 |
| | 439,633 | 13,414,989 | 5,088,416 | 4,890,066 | 3,064,082 | 15,694,910 | 2,652,345 | $ 56,997,794 | $ 48,349,549 |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Consolidated Gas Commodity Costs

| Date | Total AECO Storage Cost | Storage Gas Cost (WD) | AECO Fuel | Sales Gas Cost | Projected Gas Cost Per Unit | GLGT Utilization Cost | GLGT ACA Surcharge Cost | VGT Commodity Surcharge Cost | VGT ACA Surcharge Cost | Total Centra Volumetric Costs | Total Volumetric Cost | Projected Volumetric cost per unit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *NOTES:* | *Cost of gas injected into storage (at AECO price)* | *Gas withdrawals priced at storage WACOG* | *AECO fuel adder - see note* | *Flowing gas plus gas withdrawn from storage* | *Total cost divided by Net Sales* | *Total GLGT requirement times Utilization cost* | *Total GLGT requirement times ACA Surcharge* | *Total VGT requirement times Commodity Surcharge* | *Total VGT requirement times ACA Surcharge* | *Total Centra times Centra cost* | | *Total Volumetric cost divdied by total requirement* |
| **Jun-13** | $ 652,977 | $ - | $ 1,387 | $ 949,375 | $ 4.2628 | $ 273 | $ 150 | $ 971 | $ 134 | $ - | $ 1,528 | $ 0.0037 |
| **Jul-13** | $ 587,642 | $ - | $ 1,433 | $ 460,353 | $ 3.7466 | $ 139 | $ 77 | $ 507 | $ 70 | $ - | $ 794 | $ 0.0025 |
| **Aug-13** | $ 505,945 | $ - | $ 1,433 | $ 453,241 | $ 3.7541 | $ 146 | $ 81 | $ 490 | $ 68 | $ - | $ 785 | $ 0.0025 |
| **Sep-13** | $ 226,566 | $ - | $ 699 | $ 408,127 | $ 3.7525 | $ 119 | $ 65 | $ 406 | $ 56 | $ - | $ 647 | $ 0.0032 |
| **Oct-13** | $ 233,131 | $ - | $ 723 | $ 705,597 | $ 3.7869 | $ 206 | $ 113 | $ 899 | $ 124 | $ - | $ 1,343 | $ 0.0047 |
| **Nov-13** | $ - | $ 259,956 | $ 640 | $ 1,503,863 | $ 3.6334 | $ 530 | $ 292 | $ 2,003 | $ 277 | $ - | $ 3,102 | $ 0.0075 |
| **Dec-13** | $ - | $ 706,290 | $ 1,738 | $ 2,940,498 | $ 3.9137 | $ 981 | $ 541 | $ 3,742 | $ 518 | $ - | $ 5,782 | $ 0.0077 |
| **Jan-14** | $ - | $ 706,293 | $ 1,738 | $ 4,660,117 | $ 4.7719 | $ 1,323 | $ 730 | $ 4,707 | $ 652 | $ - | $ 7,412 | $ 0.0076 |
| **Feb-14** | $ - | $ 637,940 | $ 1,570 | $ 4,255,067 | $ 4.6269 | $ 1,200 | $ 663 | $ 4,624 | $ 640 | $ - | $ 7,127 | $ 0.0077 |
| **Mar-14** | $ - | $ 293,693 | $ 723 | $ 3,564,130 | $ 4.4995 | $ 956 | $ 528 | $ 4,397 | $ 609 | $ - | $ 6,490 | $ 0.0082 |
| **Apr-14** | $ - | $ 284,216 | $ 699 | $ 1,912,011 | $ 3.7881 | $ 660 | $ 364 | $ 2,526 | $ 350 | $ - | $ 3,900 | $ 0.0077 |
| **May-14** | $ 645,164 | $ - | $ 1,433 | $ 1,273,248 | $ 3.8425 | $ 417 | $ 230 | $ 1,580 | $ 219 | $ - | $ 2,446 | $ 0.0047 |
| **Jun-14** | $ 625,279 | $ - | $ 1,387 | $ 628,898 | $ 3.8693 | $ 185 | $ 102 | $ 703 | $ 97 | $ - | $ 1,088 | $ 0.0031 |
| **Jul-14** | $ 647,839 | $ - | $ 1,433 | $ 458,343 | $ 3.9019 | $ 138 | $ 76 | $ 493 | $ 68 | $ - | $ 776 | $ 0.0025 |
| **Aug-14** | $ 649,177 | $ - | $ 1,433 | $ 431,178 | $ 3.9144 | $ 133 | $ 73 | $ 446 | $ 62 | $ - | $ 714 | $ 0.0024 |
| **Sep-14** | $ 317,565 | $ - | $ 699 | $ 639,175 | $ 3.8812 | $ 204 | $ 113 | $ 685 | $ 95 | $ - | $ 1,097 | $ 0.0042 |
| **Oct-14** | $ 335,968 | $ - | $ 723 | $ 1,109,562 | $ 3.9139 | $ 340 | $ 188 | $ 1,383 | $ 191 | $ - | $ 2,103 | $ 0.0055 |
| **Nov-14** | $ - | $ 289,890 | $ 640 | $ 2,054,217 | $ 4.2810 | $ 623 | $ 344 | $ 2,330 | $ 323 | $ - | $ 3,619 | $ 0.0075 |
| **Dec-14** | $ - | $ 787,621 | $ 1,738 | $ 3,312,077 | $ 4.3605 | $ 995 | $ 549 | $ 3,785 | $ 524 | $ - | $ 5,854 | $ 0.0077 |
| **Jan-15** | $ - | $ 787,624 | $ 1,738 | $ 4,681,100 | $ 4.8538 | $ 1,314 | $ 725 | $ 4,654 | $ 644 | $ - | $ 7,337 | $ 0.0076 |
| **Feb-15** | $ - | $ 711,400 | $ 1,570 | $ 3,914,065 | $ 4.6961 | $ 1,100 | $ 607 | $ 4,203 | $ 582 | $ - | $ 6,492 | $ 0.0078 |
| **Mar-15** | $ - | $ 327,513 | $ 723 | $ 3,151,422 | $ 4.5359 | $ 845 | $ 467 | $ 3,859 | $ 534 | $ - | $ 5,705 | $ 0.0082 |
| **Apr-15** | $ - | $ 316,944 | $ 699 | $ 1,751,037 | $ 3.8526 | $ 603 | $ 333 | $ 2,283 | $ 316 | $ - | $ 3,535 | $ 0.0077 |
| **May-15** | $ 645,164 | $ - | $ 1,433 | $ 1,026,823 | $ 3.8439 | $ 343 | $ 189 | $ 1,284 | $ 178 | $ - | $ 1,994 | $ 0.0043 |
| **Jun-15** | $ 625,279 | $ - | $ 1,387 | $ 470,169 | $ 3.8723 | $ 140 | $ 77 | $ 526 | $ 73 | $ - | $ 816 | $ 0.0027 |
| **Jul-15** | $ 647,839 | $ - | $ 1,433 | $ 303,509 | $ 3.9065 | $ 84 | $ 47 | $ 307 | $ 43 | $ - | $ 481 | $ 0.0018 |
| **Aug-15** | $ 649,177 | $ - | $ 1,433 | $ 344,986 | $ 3.9160 | $ 98 | $ 54 | $ 337 | $ 47 | $ - | $ 535 | $ 0.0019 |
| **Sep-15** | $ 317,565 | $ - | $ 699 | $ 665,508 | $ 3.8809 | $ 211 | $ 116 | $ 707 | $ 98 | $ - | $ 1,133 | $ 0.0043 |
| **Oct-15** | $ 335,968 | $ - | $ 723 | $ 1,367,994 | $ 3.9135 | $ 424 | $ 234 | $ 1,708 | $ 237 | $ - | $ 2,603 | $ 0.0058 |
| **Nov-15** | $ - | $ 289,890 | $ 640 | $ 2,502,039 | $ 4.2895 | $ 759 | $ 419 | $ 2,835 | $ 393 | $ - | $ 4,406 | $ 0.0075 |
| **Dec-15** | $ - | $ 787,621 | $ 1,738 | $ 3,675,200 | $ 4.3715 | $ 1,101 | $ 608 | $ 4,189 | $ 580 | $ - | $ 6,479 | $ 0.0077 |
| | $ 8,648,245 | $ 7,186,892 | $ 36,488 | $ 55,572,929 | | $ 16,588 | $ 9,159 | $ 63,571 | $ 8,802 | $ - | $ 98,120 | |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Total Cost Summary

| | NNG | | | | |
|---|---|---|---|---|---|
| | Gas Cost | Volumetric Cost | Demand Cost | Hedging Cost | Total Cost |
| **Jun-13** | $ 4,453,556 | $ 83,353 | $ 2,429,860 | $ - | $ 6,966,769 |
| **Jul-13** | $ 2,162,586 | $ 83,090 | $ 2,470,110 | $ - | $ 4,715,786 |
| **Aug-13** | $ 1,892,860 | $ 80,805 | $ 2,470,110 | $ - | $ 4,443,775 |
| **Sep-13** | $ 1,700,369 | $ 76,965 | $ 2,429,860 | $ - | $ 4,207,194 |
| **Oct-13** | $ 2,623,766 | $ 88,494 | $ 2,481,476 | $ - | $ 5,193,736 |
| **Nov-13** | $ 6,619,958 | $ 52,380 | $ 4,445,382 | $ 198,000 | $ 11,315,720 |
| **Dec-13** | $ 13,137,853 | $ 98,240 | $ 4,485,632 | $ 297,000 | $ 18,018,725 |
| **Jan-14** | $ 19,183,508 | $ 135,551 | $ 4,485,632 | $ 437,500 | $ 24,242,191 |
| **Feb-14** | $ 17,759,613 | $ 123,856 | $ 4,364,882 | $ 402,500 | $ 22,650,850 |
| **Mar-14** | $ 15,282,897 | $ 123,005 | $ 4,485,632 | $ 322,000 | $ 20,213,534 |
| **Apr-14** | $ 8,268,460 | $ 71,638 | $ 2,019,006 | $ - | $ 10,359,105 |
| **May-14** | $ 5,039,540 | $ 49,353 | $ 2,047,890 | $ - | $ 7,136,783 |
| **Jun-14** | $ 2,656,509 | $ 84,073 | $ 2,429,860 | $ - | $ 5,170,442 |
| **Jul-14** | $ 2,210,612 | $ 81,414 | $ 2,470,110 | $ - | $ 4,762,136 |
| **Aug-14** | $ 2,113,548 | $ 80,294 | $ 2,470,110 | $ - | $ 4,663,952 |
| **Sep-14** | $ 2,944,342 | $ 86,528 | $ 2,429,860 | $ - | $ 5,460,730 |
| **Oct-14** | $ 5,001,075 | $ 107,975 | $ 2,481,476 | $ - | $ 7,590,526 |
| **Nov-14** | $ 8,922,997 | $ 69,883 | $ 4,445,382 | $ 198,000 | $ 13,636,262 |
| **Dec-14** | $ 14,590,128 | $ 101,465 | $ 4,485,632 | $ 297,000 | $ 19,474,225 |
| **Jan-15** | $ 18,282,293 | $ 127,308 | $ 4,485,632 | $ 437,500 | $ 23,332,733 |
| **Feb-15** | $ 16,656,011 | $ 113,944 | $ 4,364,882 | $ 402,500 | $ 21,537,337 |
| **Mar-15** | $ 13,060,547 | $ 103,255 | $ 4,485,632 | $ 322,000 | $ 17,971,434 |
| **Apr-15** | $ 7,699,214 | $ 65,789 | $ 2,019,006 | $ - | $ 9,784,009 |
| **May-15** | $ 4,619,109 | $ 45,166 | $ 2,047,890 | $ - | $ 6,712,166 |
| **Jun-15** | $ 2,523,217 | $ 82,754 | $ 2,429,860 | $ - | $ 5,035,831 |
| **Jul-15** | $ 2,163,662 | $ 80,954 | $ 2,470,110 | $ - | $ 4,714,725 |
| **Aug-15** | $ 2,233,878 | $ 81,462 | $ 2,470,110 | $ - | $ 4,785,450 |
| **Sep-15** | $ 3,105,133 | $ 88,098 | $ 2,429,860 | $ - | $ 5,623,091 |
| **Oct-15** | $ 5,896,846 | $ 116,642 | $ 2,481,476 | $ - | $ 8,494,965 |
| **Nov-15** | $ 9,514,480 | $ 75,314 | $ 4,445,382 | $ 198,000 | $ 14,233,176 |
| **Dec-15** | $ 14,032,131 | $ 96,534 | $ 4,485,632 | $ 297,000 | $ 18,911,297 |
| **Total** | **$ 236,350,697** | **$ 2,755,583** | **$ 98,443,378** | **$ 3,809,000** | **$ 341,358,657** |
| **Year 1** | **$ 32,590,948** | **$ 563,327** | **$ 21,212,431** | **$ 495,000** | **$ 54,861,706** |
| **Year 2** | **$ 103,973,229** | **$ 1,115,034** | **$ 38,615,474** | **$ 1,657,000** | **$ 145,360,737** |
| **Year 3** | **$ 99,786,520** | **$ 1,077,221** | **$ 38,615,474** | **$ 1,657,000** | **$ 141,136,215** |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Total Cost Summary

| | CONSOLIDATED | | | | |
|---|---|---|---|---|---|
| | Gas Cost | Volumetric Cost | Demand Cost | Hedging Cost | Total Cost |
| Jun-13 | $ 949,375 | $ 1,528 | $ 272,205 | $ - | $ 1,223,108 |
| Jul-13 | $ 460,353 | $ 794 | $ 272,205 | $ - | $ 733,351 |
| Aug-13 | $ 453,241 | $ 785 | $ 272,205 | $ - | $ 726,231 |
| Sep-13 | $ 408,127 | $ 647 | $ 272,205 | $ - | $ 680,978 |
| Oct-13 | $ 705,597 | $ 1,343 | $ 272,205 | $ - | $ 979,144 |
| Nov-13 | $ 1,503,863 | $ 3,102 | $ 332,757 | $ 51,000 | $ 1,890,722 |
| Dec-13 | $ 2,940,498 | $ 5,782 | $ 399,904 | $ 75,000 | $ 3,421,183 |
| Jan-14 | $ 4,660,117 | $ 7,412 | $ 399,904 | $ 101,500 | $ 5,168,933 |
| Feb-14 | $ 4,255,067 | $ 7,127 | $ 390,142 | $ 87,500 | $ 4,739,836 |
| Mar-14 | $ 3,564,130 | $ 6,490 | $ 337,622 | $ 73,500 | $ 3,981,742 |
| Apr-14 | $ 1,912,011 | $ 3,900 | $ 320,421 | $ - | $ 2,236,332 |
| May-14 | $ 1,273,248 | $ 2,446 | $ 279,396 | $ - | $ 1,555,090 |
| Jun-14 | $ 628,898 | $ 1,088 | $ 279,396 | $ - | $ 909,381 |
| Jul-14 | $ 458,343 | $ 776 | $ 279,396 | $ - | $ 738,514 |
| Aug-14 | $ 431,178 | $ 714 | $ 279,396 | $ - | $ 711,288 |
| Sep-14 | $ 639,175 | $ 1,097 | $ 256,372 | $ - | $ 896,644 |
| Oct-14 | $ 1,109,562 | $ 2,103 | $ 256,372 | $ - | $ 1,368,036 |
| Nov-14 | $ 2,054,217 | $ 3,619 | $ 293,899 | $ 51,000 | $ 2,402,735 |
| Dec-14 | $ 3,312,077 | $ 5,854 | $ 361,046 | $ 75,000 | $ 3,753,977 |
| Jan-15 | $ 4,681,100 | $ 7,337 | $ 361,046 | $ 101,500 | $ 5,150,983 |
| Feb-15 | $ 3,914,065 | $ 6,492 | $ 351,285 | $ 87,500 | $ 4,359,342 |
| Mar-15 | $ 3,151,422 | $ 5,705 | $ 298,765 | $ 73,500 | $ 3,529,392 |
| Apr-15 | $ 1,751,037 | $ 3,535 | $ 320,421 | $ - | $ 2,074,993 |
| May-15 | $ 1,026,823 | $ 1,994 | $ 279,396 | $ - | $ 1,308,212 |
| Jun-15 | $ 470,169 | $ 816 | $ 279,396 | $ - | $ 750,381 |
| Jul-15 | $ 303,509 | $ 481 | $ 279,396 | $ - | $ 583,385 |
| Aug-15 | $ 344,986 | $ 535 | $ 279,396 | $ - | $ 624,917 |
| Sep-15 | $ 665,508 | $ 1,133 | $ 256,372 | $ - | $ 923,012 |
| Oct-15 | $ 1,367,994 | $ 2,603 | $ 256,372 | $ - | $ 1,626,968 |
| Nov-15 | $ 2,502,039 | $ 4,406 | $ 293,899 | $ 73,500 | $ 2,873,844 |
| Dec-15 | $ 3,675,200 | $ 6,479 | $ 361,046 | $ 73,500 | $ 4,116,225 |
| **Total** | **$ 55,572,929** | **$ 98,120** | **$ 9,443,832** | **$ 924,000** | **$ 66,038,881** |
| **Year 1** | **$ 7,421,053** | **$ 13,980** | **$ 2,093,684** | **$ 126,000** | **$ 9,654,717** |
| **Year 2** | **$ 24,298,024** | **$ 42,625** | **$ 3,733,360** | **$ 388,500** | **$ 28,462,509** |
| **Year 3** | **$ 23,853,852** | **$ 41,515** | **$ 3,616,788** | **$ 409,500** | **$ 27,921,655** |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Total Cost Summary

| | TOTAL | | | | |
|---|---|---|---|---|---|
| | Gas Cost | Volumetric Cost | Demand Cost | Hedging Cost | Total Cost |
| Jun-13 | $ 5,402,931 | $ 84,881 | $ 2,702,065 | $ - | $ 8,189,877 |
| Jul-13 | $ 2,622,938 | $ 83,884 | $ 2,742,315 | $ - | $ 5,449,137 |
| Aug-13 | $ 2,346,100 | $ 81,590 | $ 2,742,315 | $ - | $ 5,170,005 |
| Sep-13 | $ 2,108,496 | $ 77,612 | $ 2,702,065 | $ - | $ 4,888,173 |
| Oct-13 | $ 3,329,363 | $ 89,837 | $ 2,753,681 | $ - | $ 6,172,881 |
| Nov-13 | $ 8,123,821 | $ 55,481 | $ 4,778,139 | $ 249,000 | $ 13,206,442 |
| Dec-13 | $ 16,078,351 | $ 104,022 | $ 4,885,536 | $ 372,000 | $ 21,439,909 |
| Jan-14 | $ 23,843,625 | $ 142,963 | $ 4,885,536 | $ 539,000 | $ 29,411,124 |
| Feb-14 | $ 22,014,680 | $ 130,983 | $ 4,755,024 | $ 490,000 | $ 27,390,687 |
| Mar-14 | $ 18,847,027 | $ 129,495 | $ 4,823,254 | $ 395,500 | $ 24,195,276 |
| Apr-14 | $ 10,180,472 | $ 75,538 | $ 2,339,427 | $ - | $ 12,595,437 |
| May-14 | $ 6,312,788 | $ 51,799 | $ 2,327,286 | $ - | $ 8,691,873 |
| Jun-14 | $ 3,285,406 | $ 85,161 | $ 2,709,256 | $ - | $ 6,079,823 |
| Jul-14 | $ 2,668,955 | $ 82,189 | $ 2,749,506 | $ - | $ 5,500,650 |
| Aug-14 | $ 2,544,727 | $ 81,008 | $ 2,749,506 | $ - | $ 5,375,240 |
| Sep-14 | $ 3,583,517 | $ 87,625 | $ 2,686,232 | $ - | $ 6,357,374 |
| Oct-14 | $ 6,110,637 | $ 110,078 | $ 2,737,848 | $ - | $ 8,958,562 |
| Nov-14 | $ 10,977,214 | $ 73,502 | $ 4,739,281 | $ 249,000 | $ 16,038,997 |
| Dec-14 | $ 17,902,205 | $ 107,319 | $ 4,846,678 | $ 372,000 | $ 23,228,202 |
| Jan-15 | $ 22,963,392 | $ 134,645 | $ 4,846,678 | $ 539,000 | $ 28,483,716 |
| Feb-15 | $ 20,570,076 | $ 120,436 | $ 4,716,167 | $ 490,000 | $ 25,896,679 |
| Mar-15 | $ 16,211,970 | $ 108,960 | $ 4,784,397 | $ 395,500 | $ 21,500,826 |
| Apr-15 | $ 9,450,251 | $ 69,324 | $ 2,339,427 | $ - | $ 11,859,002 |
| May-15 | $ 5,645,932 | $ 47,160 | $ 2,327,286 | $ - | $ 8,020,378 |
| Jun-15 | $ 2,993,386 | $ 83,570 | $ 2,709,256 | $ - | $ 5,786,212 |
| Jul-15 | $ 2,467,170 | $ 81,434 | $ 2,749,506 | $ - | $ 5,298,111 |
| Aug-15 | $ 2,578,864 | $ 81,998 | $ 2,749,506 | $ - | $ 5,410,367 |
| Sep-15 | $ 3,770,640 | $ 89,231 | $ 2,686,232 | $ - | $ 6,546,103 |
| Oct-15 | $ 7,264,840 | $ 119,245 | $ 2,737,848 | $ - | $ 10,121,933 |
| Nov-15 | $ 12,016,519 | $ 79,721 | $ 4,739,281 | $ 271,500 | $ 17,107,021 |
| Dec-15 | $ 17,707,331 | $ 103,013 | $ 4,846,678 | $ 370,500 | $ 23,027,522 |
| **Total** | **$ 291,923,625** | **$ 2,853,703** | **$ 107,887,210** | **$ 4,733,000** | **$ 407,397,538** |
| **Year 1** | **$ 40,012,000** | **$ 577,308** | **$ 23,306,115** | **$ 621,000** | **$ 64,516,423** |
| **Year 2** | **$ 128,271,253** | **$ 1,157,659** | **$ 42,348,834** | **$ 2,045,500** | **$ 173,823,245** |
| **Year 3** | **$ 123,640,372** | **$ 1,118,736** | **$ 42,232,261** | **$ 2,066,500** | **$ 169,057,870** |

# Schedule D

## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

### Calculation of Proposed Base Rates

RATES ARE ANNUALIZED

NEW BASE RATES = $ 0.60975 $ 0.43407 $ 0.43407

Tarriff Rates (GR-10-977) = $ 0.64355 $ 0.47461 $ 0.47461

NNG

| | GS Sales | Interruptible Sales | Joint Sales | Company Use | L&U | Commodity Cost | Demand Cost | Total Cost | Annual Commodity Rate | Annual Demand Rate | Base Rates GS | Base Rates Int | Base Rates Joint |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jun-13 | 8,786,129 | 1,755,271 | 8,050 | 1,134 | 52,747 | $ 4,536,909 | $ 2,429,860 | $ 6,966,769 | | | | | |
| Jul-13 | 4,854,515 | 871,042 | 8,071 | 210 | 28,668 | $ 2,245,676 | $ 2,470,110 | $ 4,715,786 | | | | | |
| Aug-13 | 4,424,623 | 705,033 | 8,149 | 109 | 25,689 | $ 1,973,665 | $ 2,470,110 | $ 4,443,775 | | | | | |
| Sep-13 | 3,964,542 | 676,330 | 9,212 | 552 | 23,250 | $ 1,777,334 | $ 2,429,860 | $ 4,207,194 | | | | | |
| Oct-13 | 6,159,933 | 969,263 | 11,596 | 2,232 | 35,704 | $ 2,712,260 | $ 2,481,476 | $ 5,193,736 | | | | | |
| Nov-13 | 15,219,350 | 1,720,139 | 14,315 | 4,502 | 84,769 | $ 6,870,338 | $ 4,445,382 | $ 11,315,720 | | | | | |
| Dec-13 | 29,234,285 | 4,666,524 | 17,376 | 7,995 | 169,591 | $ 13,533,093 | $ 4,485,632 | $ 18,018,725 | | | | | |
| **Annual** | **72,643,377** | **11,363,601** | **76,769** | **16,734** | **420,419** | **$ 33,649,275** | **$ 21,212,431** | **$ 54,861,706** | **$ 0.40011** | **$ 0.29194** | **$ 0.69205** | **$ 0.40011** | **$ 0.40011** |
| | | | | | **Company Use** | $ 6,662 | $ 4,885 | $ 11,547 | | | | | |
| | | | | | **Cost without Company Use** | **$ 33,642,613** | **$ 21,207,545** | **$ 54,850,158** | | | | | |
| Jan-14 | 39,911,837 | 3,695,594 | 18,610 | 9,899 | 218,130 | $ 19,756,559 | $ 4,485,632 | $ 24,242,191 | | | | | |
| Feb-14 | 37,317,751 | 3,248,210 | 16,640 | 9,825 | 202,913 | $ 18,285,968 | $ 4,364,882 | $ 22,650,850 | | | | | |
| Mar-14 | 32,039,010 | 3,272,166 | 15,105 | 11,402 | 176,631 | $ 15,727,902 | $ 4,485,632 | $ 20,213,534 | | | | | |
| Apr-14 | 19,061,267 | 1,952,791 | 12,070 | 5,570 | 105,131 | $ 8,340,099 | $ 2,019,006 | $ 10,359,105 | | | | | |
| May-14 | 11,568,444 | 1,288,460 | 9,794 | 2,812 | 64,333 | $ 5,088,893 | $ 2,047,890 | $ 7,136,783 | | | | | |
| Jun-14 | 5,753,944 | 740,593 | 8,406 | 1,134 | 32,515 | $ 2,740,582 | $ 2,429,860 | $ 5,170,442 | | | | | |
| Jul-14 | 4,643,138 | 645,218 | 8,073 | 210 | 26,482 | $ 2,292,026 | $ 2,470,110 | $ 4,762,136 | | | | | |
| Aug-14 | 4,363,815 | 632,471 | 8,152 | 109 | 25,022 | $ 2,193,842 | $ 2,470,110 | $ 4,663,952 | | | | | |
| Sep-14 | 6,086,678 | 1,047,877 | 9,216 | 552 | 35,719 | $ 3,030,870 | $ 2,429,860 | $ 5,460,730 | | | | | |
| Oct-14 | 10,347,158 | 1,861,865 | 11,599 | 2,232 | 61,103 | $ 5,109,050 | $ 2,481,476 | $ 7,590,526 | | | | | |
| Nov-14 | 18,270,645 | 3,223,828 | 14,319 | 4,502 | 107,544 | $ 9,190,880 | $ 4,445,382 | $ 13,636,262 | | | | | |
| Dec-14 | 30,381,850 | 4,358,348 | 17,380 | 7,995 | 173,788 | $ 14,988,593 | $ 4,485,632 | $ 19,474,225 | | | | | |
| **Annual** | **219,745,537** | **25,967,421** | **149,364** | **56,242** | **1,229,312** | **$ 106,745,263** | **$ 38,615,474** | **$ 145,360,737** | **$ 0.43407** | **$ 0.17568** | **$ 0.60975** | **$ 0.43407** | **$ 0.43407** |
| | | | | | **Company Use** | $ 24,291 | $ 9,881 | $ 34,172 | | | | | |
| | | | | | **Cost without Company Use** | **$ 106,720,971** | **$ 38,605,593** | **$ 145,326,564** | | | | | |
| Jan-15 | 38,436,593 | 3,025,794 | 18,616 | 9,899 | 207,405 | $ 18,847,101 | $ 4,485,632 | $ 23,332,733 | | | | | |
| Feb-15 | 35,008,417 | 2,978,032 | 16,646 | 9,825 | 190,015 | $ 17,172,455 | $ 4,364,882 | $ 21,537,337 | | | | | |
| Mar-15 | 28,120,063 | 2,051,351 | 15,111 | 11,402 | 150,933 | $ 13,485,802 | $ 4,485,632 | $ 17,971,434 | | | | | |
| Apr-15 | 18,055,759 | 1,436,066 | 12,077 | 5,570 | 97,520 | $ 7,765,003 | $ 2,019,006 | $ 9,784,009 | | | | | |
| May-15 | 10,580,485 | 1,184,707 | 9,801 | 2,812 | 58,875 | $ 4,664,275 | $ 2,047,890 | $ 6,712,166 | | | | | |
| Jun-15 | 5,172,883 | 977,797 | 8,414 | 1,134 | 30,795 | $ 2,605,971 | $ 2,429,860 | $ 5,035,831 | | | | | |
| Jul-15 | 4,293,286 | 875,115 | 8,081 | 210 | 25,882 | $ 2,244,615 | $ 2,470,110 | $ 4,714,725 | | | | | |
| Aug-15 | 4,331,992 | 969,063 | 8,160 | 109 | 26,546 | $ 2,315,340 | $ 2,470,110 | $ 4,785,450 | | | | | |
| Sep-15 | 6,626,021 | 917,908 | 9,224 | 552 | 37,766 | $ 3,193,231 | $ 2,429,860 | $ 5,623,091 | | | | | |
| Oct-15 | 12,979,594 | 1,489,641 | 11,608 | 2,232 | 72,404 | $ 6,013,489 | $ 2,481,476 | $ 8,494,965 | | | | | |
| Nov-15 | 21,263,765 | 1,644,158 | 14,329 | 4,502 | 114,611 | $ 9,787,794 | $ 4,445,382 | $ 14,233,176 | | | | | |
| Dec-15 | 31,518,489 | 1,938,447 | 17,390 | 7,995 | 167,372 | $ 14,425,665 | $ 4,485,632 | $ 18,911,297 | | | | | |
| **Annual** | **216,387,347** | **19,488,079** | **149,457** | **56,242** | **1,180,124** | **$ 102,520,741** | **$ 38,615,474** | **$ 141,136,215** | **$ 0.43426** | **$ 0.17841** | **$ 0.61267** | **$ 0.43426** | **$ 0.43426** |
| | | | | | **Company Use** | $ 24,302 | $ 10,034 | $ 34,336 | | | | | |
| | | | | | **Cost without Company Use** | **$ 102,496,439** | **$ 38,605,440** | **$ 141,101,879** | | | | | |

# Schedule D



## MERC Base Cost of Gas - Updated with 9/15/14 NYMEX pricing & Audit Adjusted Sales

**Calculation of Proposed Base Rates**

RATES ARE ANNUALIZED

| | GS | Int | Joint |
|---|---|---|---|
| NEW BASE RATES = | $ 0.52440 | $ 0.44363 | $ 0.44363 |
| Tarriff Rates (GR-10-977) = | $ 0.57194 | $ 0.46555 | $ 0.46555 |

CONSOLIDATED

| | GS Sales | Interruptible Sales | Joint Sales | Company Use | L&U | Commodity Cost | Demand Cost | Total Cost | Annual Commodity Rate | Annual Demand Rate | Base Rates GS | Base Rates Int | Base Rates Joint |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Jun-13** | 1,652,886 | 558,604 | 303 | 4,255 | 11,059 | $ 950,903 | $ 272,205 | $ 1,223,108 | | | | | |
| **Jul-13** | 808,572 | 409,494 | 304 | 4,255 | 6,092 | $ 461,146 | $ 272,205 | $ 733,351 | | | | | |
| **Aug-13** | 867,719 | 328,478 | 873 | 4,255 | 5,985 | $ 454,026 | $ 272,205 | $ 726,231 | | | | | |
| **Sep-13** | 674,632 | 397,056 | 6,293 | 4,255 | 5,390 | $ 408,773 | $ 272,205 | $ 680,978 | | | | | |
| **Oct-13** | 1,292,256 | 541,397 | 16,077 | 4,255 | 9,249 | $ 706,940 | $ 272,205 | $ 979,144 | | | | | |
| **Nov-13** | 3,359,265 | 728,354 | 26,543 | 4,255 | 20,571 | $ 1,557,965 | $ 332,757 | $ 1,890,722 | | | | | |
| **Dec-13** | 6,374,517 | 1,054,178 | 38,178 | 9,066 | 37,334 | $ 3,021,280 | $ 399,904 | $ 3,421,183 | | | | | |
| **Annual** | **15,029,847** | **4,017,561** | **88,571** | **34,596** | **95,680** | **$ 7,561,033** | **$ 2,093,684** | **$ 9,654,717** | **$ 0.39441** | **$ 0.13898** | **$ 0.53339** | **$ 0.39441** | **$ 0.39441** |
| | | | | | **Company Use** | $ 13,577 | $ 4,808 | $ 18,385 | | | | | |
| | | | | | **Cost without Company Use** | **$ 7,547,456** | **$ 2,088,876** | **$ 9,636,332** | | | | | |
| **Jan-14** | 8,303,430 | 1,355,044 | 43,275 | 15,413 | 48,509 | $ 4,769,029 | $ 399,904 | $ 5,168,933 | | | | | |
| **Feb-14** | 7,772,944 | 1,325,899 | 39,647 | 12,120 | 45,692 | $ 4,349,694 | $ 390,142 | $ 4,739,836 | | | | | |
| **Mar-14** | 6,664,498 | 1,166,225 | 38,044 | 13,012 | 39,344 | $ 3,644,120 | $ 337,622 | $ 3,981,742 | | | | | |
| **Apr-14** | 4,129,407 | 861,243 | 22,141 | 9,586 | 25,064 | $ 1,915,911 | $ 320,421 | $ 2,236,332 | | | | | |
| **May-14** | 2,582,732 | 701,096 | 9,020 | 4,255 | 16,464 | $ 1,275,694 | $ 279,396 | $ 1,555,090 | | | | | |
| **Jun-14** | 1,147,565 | 463,024 | 2,457 | 4,255 | 8,065 | $ 629,985 | $ 279,396 | $ 909,381 | | | | | |
| **Jul-14** | 811,379 | 352,901 | 313 | 4,255 | 5,823 | $ 459,119 | $ 279,396 | $ 738,514 | | | | | |
| **Aug-14** | 787,806 | 303,113 | 885 | 4,255 | 5,459 | $ 431,892 | $ 279,396 | $ 711,288 | | | | | |
| **Sep-14** | 1,235,604 | 392,531 | 6,307 | 4,255 | 8,172 | $ 640,272 | $ 256,372 | $ 896,644 | | | | | |
| **Oct-14** | 2,236,079 | 564,441 | 16,092 | 4,255 | 14,083 | $ 1,111,665 | $ 256,372 | $ 1,368,036 | | | | | |
| **Nov-14** | 3,993,604 | 750,229 | 26,559 | 4,255 | 23,852 | $ 2,108,836 | $ 293,899 | $ 2,402,735 | | | | | |
| **Dec-14** | 6,469,631 | 1,041,035 | 38,196 | 9,066 | 37,744 | $ 3,392,931 | $ 361,046 | $ 3,753,977 | | | | | |
| **Annual** | **46,134,679** | **9,276,781** | **242,936** | **88,982** | **278,272** | **$ 24,729,149** | **$ 3,733,360** | **$ 28,462,509** | **$ 0.44363** | **$ 0.08077** | **$ 0.52440** | **$ 0.44363** | **$ 0.44363** |
| | | | | | **Company Use** | $ 39,279 | $ 7,187 | $ 46,465 | | | | | |
| | | | | | **Cost without Company Use** | **$ 24,689,870** | **$ 3,726,173** | **$ 28,416,043** | | | | | |
| **Jan-15** | 8,278,099 | 1,259,416 | 43,295 | 15,413 | 47,904 | $ 4,789,937 | $ 361,046 | $ 5,150,983 | | | | | |
| **Feb-15** | 7,181,800 | 1,059,766 | 39,668 | 12,120 | 41,406 | $ 4,008,057 | $ 351,285 | $ 4,359,342 | | | | | |
| **Mar-15** | 5,914,566 | 947,566 | 38,067 | 13,012 | 34,501 | $ 3,230,627 | $ 298,765 | $ 3,529,392 | | | | | |
| **Apr-15** | 3,815,408 | 675,344 | 22,167 | 9,586 | 22,565 | $ 1,754,572 | $ 320,421 | $ 2,074,993 | | | | | |
| **May-15** | 2,151,588 | 493,147 | 9,047 | 4,255 | 13,269 | $ 1,028,817 | $ 279,396 | $ 1,308,212 | | | | | |
| **Jun-15** | 864,551 | 336,884 | 2,486 | 4,255 | 6,020 | $ 470,985 | $ 279,396 | $ 750,381 | | | | | |
| **Jul-15** | 470,897 | 297,597 | 343 | 4,255 | 3,844 | $ 303,990 | $ 279,396 | $ 583,385 | | | | | |
| **Aug-15** | 560,760 | 310,665 | 917 | 4,255 | 4,362 | $ 345,521 | $ 279,396 | $ 624,917 | | | | | |
| **Sep-15** | 1,271,460 | 424,271 | 6,340 | 4,255 | 8,510 | $ 666,640 | $ 256,372 | $ 923,012 | | | | | |
| **Oct-15** | 2,803,720 | 654,127 | 16,127 | 4,255 | 17,370 | $ 1,370,597 | $ 256,372 | $ 1,626,968 | | | | | |
| **Nov-15** | 4,891,097 | 882,020 | 26,595 | 4,255 | 28,999 | $ 2,579,945 | $ 293,899 | $ 2,873,844 | | | | | |
| **Dec-15** | 7,163,778 | 1,154,327 | 38,234 | 9,066 | 41,782 | $ 3,755,179 | $ 361,046 | $ 4,116,225 | | | | | |
| **Annual** | **45,367,724** | **8,495,130** | **243,286** | **88,982** | **270,531** | **$ 24,304,867** | **$ 3,616,788** | **$ 27,921,655** | **$ 0.44847** | **$ 0.07957** | **$ 0.52804** | **$ 0.44847** | **$ 0.44847** |
| | | | | | **Company Use** | $ 39,708 | $ 7,080 | $ 46,787 | | | | | |
| | | | | | **Cost without Company Use** | **$ 24,265,160** | **$ 3,609,708** | **$ 27,874,867** | | | | | |

Schedule D

Attachment B

# Schedule D

Minnesota Energy Resources Corporation
Docket No. G011/GR-13-617
OAH Docket No. 8-2500-31126
Attachment B


**Minnesota Energy Resources Corporation**
**2014 Uncollectible Expense**

| Line No. | | 2013 Actual |
|---|---|---|
| 1 | Uncollectible Expense | $ 1,481,318 |
| 2 | Tariffed Revenues | $ 269,448,208 |
| 3 | % of Tariffed Revenues | 0.549760% |
| 4 | | |
| 5 | Initial Filing | $ 257,186,462 |
| 6 | Updated Sales (Margin) | $ 1,965,866 |
| 7 | Updated Base Cost of Gas | $ 331,569 |
| 8 | Proposed Increase | $ 7,000,000 |
| 9 | Total Revenues | $ 266,483,897 |
| 10 | | |
| 11 | Test Year Uncollectible Expense (Line 3 * Line 9) | $ 1,465,021 |
| 12 | | |
| 13 | Filed Test Year Uncollectible Expense | $ 1,765,884 |
| 14 | | |
| 15 | Change in Uncollectible Expense from Filing | $ (300,863) |

# Schedule D

## Attachment C

# Schedule D

Minnesota Energy Resources Corporation
Docket No. G011/GR-13-617
OAH Docket No. 8-2500-31126
Attachment C

**Gas Storage Commission Order**

| | NNG | AECO | Total |
|---|---|---|---|
| **Dec-13** | $ 14,075,715 | $ 1,922,143 | $ 15,997,858 |
| **Jan-14** | $ 8,830,771 | $ 1,215,849 | $ 10,046,621 |
| **Feb-14** | $ 3,585,827 | $ 577,909 | $ 4,163,737 |
| **Mar-14** | $ 1,498,553 | $ 284,216 | $ 1,782,769 |
| **Apr-14** | $ - | $ - | $ - |
| **May-14** | $ - | $ 645,164 | $ 645,164 |
| **Jun-14** | $ 4,225,178 | $ 1,270,442 | $ 5,495,621 |
| **Jul-14** | $ 8,633,273 | $ 1,918,282 | $ 10,551,554 |
| **Aug-14** | $ 13,079,168 | $ 2,567,459 | $ 15,646,626 |
| **Sep-14** | $ 17,359,726 | $ 2,885,024 | $ 20,244,749 |
| **Oct-14** | $ 21,823,817 | $ 3,220,992 | $ 25,044,809 |
| **Nov-14** | $ 19,695,994 | $ 2,931,102 | $ 22,627,096 |
| **Dec-14** | $ 14,349,162 | $ 2,143,481 | $ 16,492,643 |
| | 9,412,062 | 1,629,104 | 11,041,166 |

**Gas Storage Originally Filed**

| | NNG | AECO | Total |
|---|---|---|---|
| **Dec-13** | $ 15,799,647 | $ 2,240,988 | $ 18,040,635 |
| **Jan-14** | $ 9,912,325 | $ 1,417,535 | $ 11,329,860 |
| **Feb-14** | $ 4,025,003 | $ 673,773 | $ 4,698,776 |
| **Mar-14** | $ 1,682,089 | $ 331,362 | $ 2,013,451 |
| **Apr-14** | $ - | $ - | $ - |
| **May-14** | $ - | $ 686,920 | $ 686,920 |
| **Jun-14** | $ 4,579,803 | $ 1,354,734 | $ 5,934,537 |
| **Jul-14** | $ 9,344,934 | $ 2,050,636 | $ 11,395,570 |
| **Aug-14** | $ 14,144,684 | $ 2,751,029 | $ 16,895,712 |
| **Sep-14** | $ 18,776,619 | $ 3,092,882 | $ 21,869,501 |
| **Oct-14** | $ 23,562,685 | $ 3,451,152 | $ 27,013,837 |
| **Nov-14** | $ 21,265,322 | $ 3,140,547 | $ 24,405,870 |
| **Dec-14** | $ 15,492,467 | $ 2,296,646 | $ 17,789,113 |
| | 10,244,960 | 1,768,282 | 12,013,242 |

**Decrease in Rate Base**

| | NNG | AECO | Total |
|---|---|---|---|
| **Dec-13** | $ (1,723,931) | $ (318,845) | $ (2,042,777) |
| **Jan-14** | $ (1,081,554) | $ (201,685) | $ (1,283,239) |
| **Feb-14** | $ (439,176) | $ (95,864) | $ (535,040) |
| **Mar-14** | $ (183,536) | $ (47,146) | $ (230,682) |
| **Apr-14** | $ - | $ - | $ - |
| **May-14** | $ - | $ (41,756) | $ (41,756) |
| **Jun-14** | $ (354,625) | $ (84,292) | $ (438,917) |
| **Jul-14** | $ (711,661) | $ (132,354) | $ (844,016) |
| **Aug-14** | $ (1,065,516) | $ (183,570) | $ (1,249,086) |
| **Sep-14** | $ (1,416,894) | $ (207,858) | $ (1,624,752) |
| **Oct-14** | $ (1,738,868) | $ (230,160) | $ (1,969,027) |
| **Nov-14** | $ (1,569,328) | $ (209,445) | $ (1,778,773) |
| **Dec-14** | $ (1,143,306) | $ (153,165) | $ (1,296,471) |
| | (832,898) | (139,178) | (972,076) |

# Schedule E

# Summary of Rate Riders and Charges

## Other Rate Riders and Charges In Effect and Continuing

The following Schedule E lists each rate rider, along with the rate mechanism, whether or not it is an optional rate, and the rate rider factor in effect at the time of final rates, April 1, 2015. The rates listed are those which have been approved by the Commission and which are currently in effect.

| Rate Rider or Charge | Type of Charge | Optional to Customer? | Effective Rate April 1, 2015 |
|---|---|---|---|
| Conservation Cost Recovery Charge (CCRC) | Base Rates | No, unless granted exemption | $0.2448/therm |
| Conservation Cost Recovery Adjustment Factor (CCRA) | Surcharge | No, unless granted exemption | $0.00554/therm |
| Purchased Gas Adjustment (PGA) | Base Rates | No | Updated monthly |
| Gas Affordability Service Program Surcharge | Surcharge | No | $0.00441/therm |
| New Area Surcharge Rider | Surcharge | Yes | Varies by area; Ely Lake Project Residential and Small Commercial Customers $34.10/month |
| Franchise Fees | Community Imposed Surcharge | No | Varies by community; See Tariff pages 8.21a-8.21d. |

# Schedule G

# Interim Refund Plan*

***Assuming that final rates go into effect on April 1, 2015 and Interim rates are refunded beginning in May of 2015**

# Schedule G

**Minnesota Energy Resources Corporation**
**Docket No. G011/GR-13-617 - Compliance Filing**
**Interim Refund Summary**

| Line No. | **Test Year Basis** | | **Total** | | **Flex and Super Large Volume** | | **Total less Flex and Super Large Volume** |
|---|---|---|---|---|---|---|---|
| 1 | Initial Ordered Interim Increase | $ | 10,747,751 | $ | 285,336 | $ | 10,462,415 |
| 2 | Waived Interim Relief | $ | 229,722 | $ | 229,722 | $ | - |
| 3 | Total Interim Increase<br>Line 1 - Line 2 | $ | 10,518,029 | $ | 55,614 | $ | 10,462,415 |
| 4 | Final Ordered Increase | $ | 7,580,704 | $ | 72,512 | $ | 7,508,192 |
| 5 | Test Year Refund<br>Line 3 - Line 4 | $ | 2,937,325 | $ | (16,898) | $ | 2,954,223 |
| 6 | Interim Refund Factor<br>Line 5 / Line 3 | | 27.93% | | -30.38% | | 28.24% |
| | **Actual Basis** | | | | | | |
| 7 | Interim Increase Collected<br>Attachment 1, Page 2 | $ | 10,733,196 | $ | 47,215 | $ | 10,685,981 |
| 8 | Refund Obligation (without Interest)<br>Line 6 * Line 7 | $ | 2,997,414 | $ | (14,346) | $ | 3,017,350 |
| 9 | Actual Ordered Interim Increase<br>Line 7 - Line 8 | $ | 7,735,782 | $ | 61,561 | $ | 7,668,631 |
| 10 | Interest<br>Attachment 1, Page 2 | $ | 53,701 | $ | (216) | $ | 54,096 |
| 11 | Total Refund Obligation<br>Line 8 + Line 10 | $ | 3,051,114 | $ | (14,562) | $ | 3,071,446 |
| 12 | Refund Factor<br>Line 11 / Line 7 | | 28.43% | | -30.84% | | 28.74% |
| 13 | Average Residential Refund | | | | | $ | 10.03 |

# Schedule G

**Minnesota Energy Resources Corporation**
**Docket No. G011/GR-13-617 - Compliance Filing**
**Interim Refund Summary**

**Total MERC**

| Billing Month | Interim Increase | Interim Allowed | Difference | Beginning Balance | Ending Balance | Average Balance | Number of Days | Annual Interest* | Monthly Interest |
|---|---|---|---|---|---|---|---|---|---|
| January-14 | $ 513,772 | $ 370,293 | $ 143,479 | $ - | $ 143,479 | $ 71,739 | 31 | 3.25% | $ 198 |
| February-14 | $ 1,744,812 | $ 1,257,546 | $ 487,266 | $ 143,677 | $ 630,943 | $ 387,310 | 28 | 3.25% | $ 966 |
| March-14 | $ 1,614,950 | $ 1,163,950 | $ 451,000 | $ 631,909 | $ 1,082,909 | $ 857,409 | 31 | 3.25% | $ 2,367 |
| April-14 | $ 1,215,484 | $ 876,041 | $ 339,443 | $ 1,085,276 | $ 1,424,719 | $ 1,254,997 | 30 | 3.25% | $ 3,352 |
| May-14 | $ 884,484 | $ 637,478 | $ 247,006 | $ 1,428,071 | $ 1,675,077 | $ 1,551,574 | 31 | 3.25% | $ 4,283 |
| June-14 | $ 584,263 | $ 421,098 | $ 163,165 | $ 1,679,360 | $ 1,842,525 | $ 1,760,942 | 30 | 3.25% | $ 4,704 |
| July-14 | $ 477,836 | $ 344,393 | $ 133,443 | $ 1,847,228 | $ 1,980,672 | $ 1,913,950 | 31 | 3.25% | $ 5,283 |
| August-14 | $ 459,356 | $ 331,074 | $ 128,282 | $ 1,985,955 | $ 2,114,237 | $ 2,050,096 | 31 | 3.25% | $ 5,659 |
| September-14 | $ 464,616 | $ 334,865 | $ 129,751 | $ 2,119,896 | $ 2,249,647 | $ 2,184,772 | 30 | 3.25% | $ 5,836 |
| October-14 | $ 557,308 | $ 401,671 | $ 155,637 | $ 2,255,483 | $ 2,411,120 | $ 2,333,302 | 31 | 3.25% | $ 6,441 |
| November-14 | $ 831,190 | $ 599,067 | $ 232,123 | $ 2,417,561 | $ 2,649,684 | $ 2,533,622 | 30 | 3.25% | $ 6,768 |
| December-14 | $ 1,385,125 | $ 998,307 | $ 386,818 | $ 2,656,452 | $ 3,043,270 | $ 2,849,861 | 31 | 3.25% | $ 7,845 |
| January-15 | | $ - | $ - | $ 3,051,114 | $ 3,051,114 | $ 3,051,114 | 31 | | $ - |
| February-15 | | $ - | $ - | $ 3,051,114 | $ 3,051,114 | $ 3,051,114 | 28 | | $ - |
| March-15 | | $ - | $ - | $ 3,051,114 | $ - | $ 1,525,557 | 31 | | $ - |
| Total | $ 10,733,196 | $ 7,735,782 | $ 2,997,414 | | | | | | $ 53,701 |

**Super Large Volume & FLEX**

| Billing Month | Interim Increase | Interim Allowed | Difference | Beginning Balance | Ending Balance | Average Balance | Number of Days | Annual Interest* | Monthly Interest |
|---|---|---|---|---|---|---|---|---|---|
| January-14 | $ - | $ - | $ - | $ - | $ - | $ - | 31 | 3.25% | $ - |
| February-14 | $ 4,260 | $ 5,554 | $ (1,294) | $ - | $ (1,294) | $ (647) | 28 | 3.25% | $ (2) |
| March-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (1,296) | $ (2,600) | $ (1,948) | 31 | 3.25% | $ (5) |
| April-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (2,605) | $ (3,909) | $ (3,257) | 30 | 3.25% | $ (9) |
| May-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (3,918) | $ (5,222) | $ (4,570) | 31 | 3.25% | $ (13) |
| June-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (5,234) | $ (6,538) | $ (5,886) | 30 | 3.25% | $ (16) |
| July-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (6,554) | $ (7,858) | $ (7,206) | 31 | 3.25% | $ (20) |
| August-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (7,878) | $ (9,182) | $ (8,530) | 31 | 3.25% | $ (24) |
| September-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (9,205) | $ (10,509) | $ (9,857) | 30 | 3.25% | $ (26) |
| October-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (10,536) | $ (11,840) | $ (11,188) | 31 | 3.25% | $ (31) |
| November-14 | $ 4,291 | $ 5,595 | $ (1,304) | $ (11,870) | $ (13,174) | $ (12,522) | 30 | 3.25% | $ (33) |
| December-14 | $ 4,332 | $ 5,648 | $ (1,316) | $ (13,208) | $ (14,524) | $ (13,866) | 31 | 3.25% | $ (38) |
| January-15 | | $ - | $ - | $ (14,562) | $ (14,562) | $ (14,562) | 31 | 0.00% | $ - |
| February-15 | | $ - | $ - | $ (14,562) | $ (14,562) | $ (14,562) | 28 | 0.00% | $ - |
| March-15 | | $ - | $ - | $ (14,562) | $ - | $ (7,281) | 31 | 0.00% | $ - |
| Total | $ 47,215 | $ 61,561 | $ (14,346) | | | | | | $ (216) |

**MERC less Super Large Volume & FLEX**

| Billing Month | Interim Increase | Interim Allowed | Difference | Beginning Balance | Ending Balance | Average Balance | Number of Days | Annual Interest* | Monthly Interest |
|---|---|---|---|---|---|---|---|---|---|
| January-14 | $ 513,772 | $ 368,701 | $ 145,071 | $ - | $ 145,071 | $ 72,536 | 31 | 3.25% | $ 200 |
| February-14 | $ 1,740,552 | $ 1,249,080 | $ 491,471 | $ 145,272 | $ 636,743 | $ 391,007 | 28 | 3.25% | $ 975 |
| March-14 | $ 1,610,659 | $ 1,155,865 | $ 454,794 | $ 637,718 | $ 1,092,512 | $ 865,115 | 31 | 3.25% | $ 2,388 |
| April-14 | $ 1,211,193 | $ 869,194 | $ 341,999 | $ 1,094,900 | $ 1,436,899 | $ 1,265,899 | 30 | 3.25% | $ 3,382 |
| May-14 | $ 880,193 | $ 631,657 | $ 248,536 | $ 1,440,280 | $ 1,688,816 | $ 1,564,548 | 31 | 3.25% | $ 4,319 |
| June-14 | $ 579,971 | $ 416,208 | $ 163,764 | $ 1,693,135 | $ 1,856,899 | $ 1,775,017 | 30 | 3.25% | $ 4,741 |
| July-14 | $ 473,545 | $ 339,832 | $ 133,713 | $ 1,861,640 | $ 1,995,353 | $ 1,928,496 | 31 | 3.25% | $ 5,323 |
| August-14 | $ 455,065 | $ 326,570 | $ 128,495 | $ 2,000,676 | $ 2,129,170 | $ 2,064,923 | 31 | 3.25% | $ 5,700 |
| September-14 | $ 460,325 | $ 330,345 | $ 129,980 | $ 2,134,870 | $ 2,264,850 | $ 2,199,860 | 30 | 3.25% | $ 5,876 |
| October-14 | $ 553,016 | $ 396,864 | $ 156,153 | $ 2,270,726 | $ 2,426,879 | $ 2,348,803 | 31 | 3.25% | $ 6,483 |
| November-14 | $ 826,898 | $ 593,411 | $ 233,487 | $ 2,433,362 | $ 2,666,850 | $ 2,550,106 | 30 | 3.25% | $ 6,812 |
| December-14 | $ 1,380,792 | $ 990,905 | $ 389,888 | $ 2,673,662 | $ 3,063,549 | $ 2,868,606 | 31 | 3.25% | $ 7,897 |
| January-15 | $ - | $ - | $ - | $ 3,071,446 | $ 3,071,446 | $ 3,071,446 | 31 | 0.00% | $ - |
| February-15 | $ - | $ - | $ - | $ 3,071,446 | $ 3,071,446 | $ 3,071,446 | 28 | 0.00% | $ - |
| March-15 | $ - | $ - | $ - | $ 3,071,446 | $ - | $ 1,535,723 | 31 | 0.00% | $ - |
| Total | $ 10,685,981 | $ 7,668,631 | $ 3,017,350 | | | | | | $ 54,096 |

Monthly Interest is calculated by dividing the Annual interest rate by 365 days of the year, and then multiplying the daily interest rate by the number of days in the month and the monthly average balance.

Interest Rates Can be found at **http://www.federalreserve.gov/datadownload/Build.aspx?rel=H15** and then by selecting Interest Rates, Prime, NA, and Monthly in the drop down boxes. This will provide a link to the a schedule showing the interest rates used on this sheet.

# Schedule G

**Minnesota Energy Resources Corporation**
**Docket No. G011/GR-13-617 - Compliance Filing**
**Interim Refund Summary**

| Description | Total Refund | Refund Principal | Refund Interest |
|---|---|---|---|
| **NNG SALES** | | | |
| GS-NNG Residential Sales | $0.00 | $0.00 | $0.00 |
| GS-NNG SC&I Sales | $0.00 | $0.00 | $0.00 |
| GS-NNG LC&I Sales | $0.00 | $0.00 | $0.00 |
| SVI-NNG Sales | $0.00 | $0.00 | $0.00 |
| LVI-NNG Sales | $0.00 | $0.00 | $0.00 |
| SVJ-NNG Sales | $0.00 | $0.00 | $0.00 |
| **CONSOLIDATED SALES** | | | |
| GS-CONSOLIDATED Residential Sales | $0.00 | $0.00 | $0.00 |
| GS-CONSOLIDATED SC&I Sales | $0.00 | $0.00 | $0.00 |
| GS-CONSOLIDATED LC&I Sales | $0.00 | $0.00 | $0.00 |
| SVI-CONSOLIDATED Sales | $0.00 | $0.00 | $0.00 |
| LVI-CONSOLIDATED Sales | $0.00 | $0.00 | $0.00 |
| SVJ-CONSOLIDATED Sales | $0.00 | $0.00 | $0.00 |
| **NNG TRANSPORT** | | | |
| SVI-NNG Transport | $0.00 | $0.00 | $0.00 |
| LVI-NNG Transport - CIP Applicable | $0.00 | $0.00 | $0.00 |
| LVI-NNG Transport - CIP Exempt | $0.00 | $0.00 | $0.00 |
| SVJ-NNG Transport | $0.00 | $0.00 | $0.00 |
| LVJ-NNG Transport | $0.00 | $0.00 | $0.00 |
| SLVI-NNG Transport-CIP Exempt | $0.00 | $0.00 | $0.00 |
| SLVI-NNG Transport-CIP Applicable | $0.00 | $0.00 | $0.00 |
| SLVJ-NNG Transport-CIP Exempt | $0.00 | $0.00 | $0.00 |
| Transport for Resale | $0.00 | $0.00 | $0.00 |
| LVJ-NNG Flex Transport (Cust "A") | $0.00 | $0.00 | $0.00 |
| LVI-NNG Flex Transport (Cust "B") | $0.00 | $0.00 | $0.00 |
| LVI-NNG Flex Transport (Cust "C") | $0.00 | $0.00 | $0.00 |
| LVI-NNG Flex Transport (Cust "D") | $0.00 | $0.00 | $0.00 |
| LVJ-NNG Flex Transport (Cust "E") | $0.00 | $0.00 | $0.00 |
| LVJ-NNG Flex Transport (Cust "F") | $0.00 | $0.00 | $0.00 |
| LVI-NNG Flex Transport (Cust "G") | $0.00 | $0.00 | $0.00 |
| **CONSOLIDATED TRANSPORT** | | | |
| SVI-CONSOLIDATED Transport | $0.00 | $0.00 | $0.00 |
| LVI-CONSOLIDATED Transport | $0.00 | $0.00 | $0.00 |
| SVJ-CONSOLIDATED Transport | $0.00 | $0.00 | $0.00 |
| LVJ-CONSOLIDATED Transport | $0.00 | $0.00 | $0.00 |
| SLVI-CONSOLIDATED Transport-CIP Exempt | $0.00 | $0.00 | $0.00 |
| SLVI-CONSOLIDATED Transport-CIP Applicable | $0.00 | $0.00 | $0.00 |
| **Total - MERC** | **$0.00** | **$0.00** | **$0.00** |

# Schedule H

# Revised CCRC Calculation

# Minnesota Energy Resources Corporation
## Calculation of Proposed CCRC Factor for 2014 Test Year

| Line No. | Description | 2014 |
|---|---|---|
| 1 | CIP Expense | $ 9,396,422 |
| 2 | Sales (Minnesota only) | 689,625,513 |
| 3 | Opt-out customers | 305,799,314 |
| 4 | CCRC applicable Sales | 383,826,199 |
| 5 | Requested CCRC Factor ($/therm) | $ 0.02448 |

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA )<br>
) ss<br>
COUNTY OF HENNEPIN )

Kristin M. Stastny hereby certifies that on the 21st day of January, 2015, on behalf of Minnesota Energy Resources Corporation, she electronically filed a true and correct copy of the attached Compliance Filing on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Kristin M. Stastny<br>
Kristin M. Stastny

Subscribed and sworn to before me<br>
This 21st Day of January, 2015.

/s/ Alice Jaworski<br>
Notary Public, State of Minnesota

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| Michael | Ahern | ahern.michael@dorsey.com | Dorsey & Whitney, LLP | 50 S 6th St Ste 1500<br><br>Minneapolis,<br>MN<br>554021498 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012134 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |
| Seth | DeMerritt | ssdemerritt@integrysgroup.com | Integrys Business Support | 700 North Adams<br>P.O. Box 19001<br>Green Bay,<br>WI<br>543079001 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Ian | Dobson | ian.dobson@ag.state.mn.us | Office of the Attorney General-RUD | Antitrust and Utilities Division<br>445 Minnesota Street, 1400 BRM Tower<br>St. Paul,<br>MN<br>55101 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |
| Robert | Harding | robert.harding@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East<br><br>St. Paul,<br>MN<br>55101 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |
| Linda | Jensen | linda.s.jensen@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota Street<br><br>St. Paul,<br>MN<br>551012134 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Harry W | John | HWJohn@integrysgroup.com | MERC, Integrys | 700 North Adams<br>PO Box 19001<br>Green Bay,<br>WI<br>54307-9001 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| David G. | Kult | dgkult@minnesotaenergyresources.com | Minnesota Energy Resources Corporation | 2665 145th St. NW<br><br>Rosemount,<br>MN<br>55068 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| David | Kyto | djkyto@integrysgroup.com | Integrys Business Support | 700 North Adams<br>PO Box 19001<br>Green Bay,<br>WI<br>543079001 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| John | Lindell | agorud.ecf@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012130 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| Eric | Lipman | eric.lipman@state.mn.us | Office of Administrative Hearings | PO Box 64620<br><br>St. Paul,<br>MN<br>551640620 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |
| Peter | Madsen | peter.madsen@ag.state.mn.us | Office of the Attorney General-DOC | Bremer Tower, Suite 1800<br>445 Minnesota Street<br>St. Paul,<br>Minnesota<br>55101 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Chad T | Marriott | ctmarriott@stoel.com | Stoel Rives LLP | 900 SW 5th Ave Ste 2600<br><br>Portland,<br>OR<br>97204 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Andrew | Moratzka | apmoratzka@stoel.com | Stoel Rives LLP | 33 South Sixth Street<br>Suite 4200<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Barbara | Nick | banick@integrysgroup.com | Minnesota Energy Resources Corporation | 2665 145th Street<br>PO Box 455<br>Rosemount,<br>MN<br>55068-0455 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Richard | Savelkoul | rsavelkoul@martinsquires.com | Martin & Squires, P.A. | 332 Minnesota Street Ste W2750<br><br>St. Paul,<br>MN<br>55101 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Janet | Shaddix Elling | jshaddix@janetshaddix.com | Shaddix And Associates | Ste 122<br>9100 W Bloomington Frwy<br>Bloomington,<br>MN<br>55431 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |
| Kristin | Stastny | stastny.kristin@dorsey.com | Dorsey & Whitney LLP | 50 South 6th Street<br>Suite 1500<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Gregory | Walters | gjwalters@minnesotaenergyresources.com | Minnesota Energy Resources Corporation | 3460 Technology Dr. NW<br><br>Rochester,<br>MN<br>55901 | Electronic Service | No | OFF_SL_13-617_Official cc service list |
| Daniel | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | Suite 350<br>121 7th Place East<br>St. Paul,<br>MN<br>551022147 | Electronic Service | Yes | OFF_SL_13-617_Official cc service list |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| James P. | Zakoura | Jim@smizak-law.com | Smithyman & Zakoura Chartered | 750 Commerce Plaza II 7400 West 110th Street Overland Park, KS 662102362 | Electronic Service | No | OFF_SL_13-617_Official cc service list |

# Schedule F

# CIP Tracker Account

# PUBLIC DOCUMENT - TRADE SECRET DATA HAS BEEN EXCISED

Minnesota Energy Resources Corporation
Docket No. G011/GR-13-617
Schedule F

**Minnesota Energy Resources Corporation- PNG**
**CIP Tracker Balance Calculation**

| | | 2013 Ending Balance | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | 2014 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Beginning Balace (excl. carry cost) | | 9,682,273.95 | 7,303,737.37 | 4,911,568.90 | 2,766,008.12 | 1,328,208.84 | 321,288.31 | (3,020,621.89) | (3,390,742.93) | (3,761,629.85) | (3,899,653.02) | (3,899,653.02) | (3,779,023.81) | |
| 2. | Recoveries | | 2,338,354.37 | 2,351,986.27 | 2,105,378.56 | 1,397,617.07 | 966,738.32 | 504,375.69 | 367,649.48 | 370,886.92 | 138,023.17 | - | (120,629.21) | (1,832,277.03) | 8,588,103.61 |
| | Past recoveries: | **[TRADE SECRET DATA BEGINS…** | | | | | | | | | | | | | |
| 2.a. | 3M | | | | | | | | | | | | | | |
| 2.b. | PM Windom | | | | | | | | | | | | | | |
| 2.c. | Spectro Alloys | | | | | | | | | | | | | | |
| 2.d. | Toro Company | | | | | | | | | | | | | | |
| 2.e. | NorthShore Mining | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | **[TRADE SECRET DATA ENDS** |
| 3. | Incentives | | | - | - | - | - | - | - | - | - | - | - | - | |
| 4. | Sub Balance (excl. carry costs) (Line 1+2-3+4) | 9,682,273.95 | 7,303,737.37 | 4,911,568.90 | 2,766,008.12 | 1,328,208.84 | 321,288.31 | (3,020,621.89) | (3,390,742.93) | (3,761,629.85) | (3,899,653.02) | (3,899,653.02) | (3,779,023.81) | (1,946,746.78) | |
| 5. | CCRA Exemption included in balance[3] | | 184,731.46 | 164,698.77 | 149,422.70 | | | | | | | | | | |
| 6. | Ending Balance Subject to Carry Cost (Line 4-5) | | 7,119,005.91 | 4,746,870.13 | 2,616,585.42 | 1,328,208.84 | 321,288.31 | (3,020,621.89) | (3,390,742.93) | (3,761,629.85) | (3,899,653.02) | (3,899,653.02) | (3,779,023.81) | (1,946,746.78) | |
| 7. | Monthly Carry Cost[2] (Line 6 x .00652) | | 46,415.92 | 30,949.59 | 17,060.14 | 8,659.92 | 2,094.80 | (19,694.45) | (22,107.64) | (24,525.83) | (25,425.74) | (25,425.74) | (24,639.24) | (12,692.79) | (49,331.05) |
| 7.a. | Carry cost on NorthShore Mining Adjustment | | | | | | | (555,695.00) | | | | | | | |
| 8. | Cumulative Carry Cost | 2,500,187.89 | 2,546,603.81 | 2,577,553.40 | 2,594,613.54 | 2,603,273.46 | 2,605,368.26 | 2,029,978.81 | 2,007,871.16 | 1,983,345.33 | 1,957,919.60 | 1,932,493.86 | 1,907,854.62 | 1,895,161.84 | |
| 9. | **Ending Balance (Line 4+8)** | **12,182,461.84** | **9,850,341.18** | **7,489,122.30** | **5,360,621.66** | **3,931,482.30** | **2,926,656.57** | **(990,643.08)** | **(1,382,871.76)** | **(1,778,284.51)** | **(1,941,733.42)** | **(1,967,159.16)** | **(1,871,169.19)** | **(51,584.94)** | |

[2] Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977
[3] Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

**PUBLIC DOCUMENT - TRADE SECRET DATA HAS BEEN EXCISED**

**Minnesota Energy Resources Corporation**
**Docket No. G011/GR-13-617**
**Schedule F**

**Minnesota Energy Resources Corporation - PNG**
**Recovery by Class (in therms)**

No CCRA charge after Sept 2014.

| **CCRA:** | **Jan-14** | **Feb-14** | **Mar-14** | **Apr-14** | **May-14** | **Jun-14** | **Jul-14** | **Aug-14** | **Sep-14** | **Oct-14** | **Nov-14** | **Dec-14** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas Residential | 29,919,828 | 29,631,454 | 25,634,685 | 17,033,541 | 10,445,958 | 4,704,533 | 2,818,680 | 2,523,330 | 831,733 | - | - | |
| Gas Small C&I | 2,250,745 | 2,315,475 | 2,013,282 | 1,239,080 | 631,409 | 230,419 | 112,911 | 101,888 | 37,119 | - | - | |
| Gas Large C&I | 13,850,572 | 13,939,143 | 12,598,026 | 8,472,229 | 5,144,126 | 2,679,687 | 1,840,447 | 1,674,423 | 656,557 | - | - | |
| Gas Large C&I Int. | 3,500,519 | 3,281,406 | 3,320,774 | 890,065 | 1,683,800 | 911,098 | 604,722 | 601,789 | 338,452 | - | - | |
| Transport of Gas | 6,153,440 | 6,832,195 | 6,561,294 | 5,641,682 | 5,112,286 | 3,483,208 | 3,376,799 | 3,929,211 | 1,422,405 | - | - | |
| Total Therms | 55,675,104 | 55,999,673 | 50,128,061 | 33,276,597 | 23,017,579 | 12,008,945 | 8,753,559 | 8,830,641 | 3,286,266 | - | - | - |
| CCRA | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 | 0.042 |
| CCRA Recovery | $ 2,338,354.37 | $ 2,351,986.27 | $ 2,105,378.56 | $ 1,397,617.07 | $ 966,738.32 | $ 504,375.69 | $ 367,649.48 | $ 370,886.92 | $ 138,023.17 | $ - | $ - | $ - |

CCRA = Conservation Cost Recovery Adjustment

PUBLIC DOCUMENT - TRADE SECRET DATA HAS BEEN EXCISED



**Minnesota Energy Resources Corporation- NMU**
**CIP Tracker Balance Calculation**

| | | 2013 Ending Balance | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | 2014 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Beginning Balace (excl. carry cost) | | (391,990.12) | (411,477.29) | (487,040.89) | (555,700.18) | (611,801.79) | (611,801.79) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | |
| 2. | Recoveries | | 19,487.17 | 75,563.60 | 68,659.29 | 56,101.61 | - | (219,811.67) | - | - | - | - | - | - | (0.00) |
| 3. | Incentives | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. | Sub Balance (excl. carry costs) (Line 1+2-3+4) | (391,990.12) | (411,477.29) | (487,040.89) | (555,700.18) | (611,801.79) | (611,801.79) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | (391,990.12) | |
| 5. | Monthly Carry Cost[2] (Line 7 x .00652) | | (2,682.83) | (3,175.51) | (3,623.17) | (3,988.95) | (3,988.95) | (2,555.78) | (2,555.78) | (2,555.78) | (2,555.78) | (2,555.78) | (2,555.78) | (2,555.78) | (35,349.83) |
| 6. | Cumulative Carry Cost | 115,035.17 | 112,352.34 | 109,176.83 | 105,553.67 | 101,564.72 | 97,575.77 | 95,020.00 | 92,464.22 | 89,908.44 | 87,352.67 | 84,796.89 | 82,241.12 | 79,685.34 | |
| 7. | **Ending Balance (Line 4+6)** | **(276,954.95)** | **(299,124.95)** | **(377,864.06)** | **(450,146.51)** | **(510,237.07)** | **(514,226.02)** | **(296,970.12)** | **(299,525.90)** | **(302,081.68)** | **(304,637.45)** | **(307,193.23)** | **(309,749.00)** | **(312,304.78)** | |

[2] Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

**Minnesota Energy Resources Corporation - NMU**
**Recovery by Class (in therms)**

| CCRA: | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas Residential | 7,608,876 | 7,048,263 | 6,055,160 | | | | | | | | | |
| Gas Small C&I | 661,402 | 633,799 | 533,420 | | | | | | | | | |
| Gas Large C&I | 4,428,831 | 4,377,461 | 3,753,916 | | | | | | | | | |
| Gas Large C&I Int. | 1,879,416 | 1,807,191 | 1,689,022 | | | | | | | | | |
| Transport of Gas | 1,727,066 | 1,915,516 | 1,920,488 | | | | | | | | | |
| Total Therms | 16,305,591 | 15,782,230 | 13,952,006 | - | - | - | - | - | - | - | - | - |
| CCRA | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 | 0.00475 |
| CCRA Recovery | $ 77,451.56 | $ 74,965.59 | $ 66,272.03 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

*CCRA = Conservation Cost Recovery Adjustment*

# PUBLIC DOCUMENT - TRADE SECRET DATA HAS BEEN EXCISED



**Minnesota Energy Resources Corporation** **CCRC**
**CIP Tracker Balance Calculation**

| No. | | Starting Balance | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | 2014 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Beginning Balace (excl. carry cost) | | 2,558,580.56 | 1,055,257.83 | (20,300.69) | (791,791.93) | (1,639,054.91) | (1,873,225.05) | (1,831,834.87) | (1,942,223.12) | (1,798,489.78) | (1,398,605.25) | (1,594,862.31) | 628,192.37 | |
| 2. | Expenses | | 281,270.84 | 676,757.28 | 793,875.04 | 255,642.37 | 552,799.34 | 810,354.23 | 198,268.41 | 435,317.34 | 707,146.52 | 414,529.03 | 725,924.59 | 1,508,947.08 | 7,360,832.07 |
| 3. | Recoveries | | 1,784,593.57 | 1,752,315.81 | 1,565,366.28 | 1,102,905.35 | 786,969.48 | 427,449.05 | 308,656.67 | 291,584.00 | 307,261.99 | 610,786.09 | 995,599.91 | 1,614,801.54 | 11,548,289.72 |
| 3.a. | North Shore Mining | **[TRADE SECRET DATA BEGINS…** | | | | | | | | | | | | | **[…TRADE SECRET DATA ENDS** |
| 4. | Incentives | | - | - | - | - | - | - | - | - | - | - | 2,492,730.00 | - | 2,492,730.00 |
| 5. | Sub Balance (excl. carry costs) (Line 1+2-3+4) | 2,558,580.56 | 1,055,257.83 | (20,300.69) | (791,791.93) | (1,639,054.91) | (1,873,225.05) | (1,831,834.87) | (1,942,223.12) | (1,798,489.78) | (1,398,605.25) | (1,594,862.31) | 628,192.37 | 522,337.91 | |
| 6. | Monthly Carry Cost[2] (Line 5 x .00652) | | 6,880.28 | (132.36) | (5,162.48) | (10,686.64) | (12,213.43) | (11,943.56) | (12,663.29) | (11,726.15) | (9,118.91) | (10,398.50) | 4,095.81 | 3,405.64 | (69,663.59) |
| 6.a. | Carry cost on NorthShore Mining Adjustment | **[TRADE SECRET DATA BEGINS…** | | | | | | | | | | | | | **[…TRADE SECRET DATA ENDS** |
| 7. | Cumulative Carry Cost | 40,004.61 | 46,884.89 | 46,752.53 | 41,590.05 | 30,903.41 | 18,689.98 | (6,619.58) | (19,282.88) | (31,009.03) | (40,127.94) | (50,526.44) | (46,430.62) | (43,024.98) | |
| 8. | **Ending Balance (Line 5+7)** | **2,598,585.17** | **1,102,142.72** | **26,451.84** | **(750,201.88)** | **(1,608,151.50)** | **(1,854,535.07)** | **(1,838,454.45)** | **(1,961,506.00)** | **(1,829,498.81)** | **(1,438,733.19)** | **(1,645,388.75)** | **581,761.74** | **479,312.93** | |

[2] Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

**Minnesota Energy Resources Corporation**
**Recovery by Class (in therms)**

| CCRC: | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas Residential | 37,529,683 | 36,680,290 | 31,684,562 | 21,796,411 | 13,615,474 | 5,964,541 | 3,358,695 | 2,912,909 | 2,963,654 | 5,159,308 | 11,447,282 | 25,626,352 | 198,739,161 |
| Gas Small C&I | 2,911,886 | 2,949,597 | 2,546,704 | 1,634,396 | 862,140 | 324,093 | 148,408 | 126,411 | 130,071 | 356,890 | 820,964 | 2,008,424 | 14,819,984 |
| Gas Large C&I | 18,265,405 | 18,299,611 | 16,339,391 | 11,485,462 | 7,135,616 | 3,663,637 | 2,380,012 | 2,134,117 | 2,302,781 | 3,380,928 | 6,727,069 | 13,084,269 | 105,198,298 |
| Gas Large C&I Int. | 5,379,937 | 5,088,597 | 5,009,796 | 2,330,016 | 2,868,308 | 1,752,871 | 1,108,425 | 1,060,107 | 1,039,607 | 1,397,063 | 4,343,932 | 5,808,808 | 37,187,467 |
| Transport of Gas | 8,813,153 | 8,563,433 | 8,364,248 | 7,807,038 | 7,665,908 | 5,756,012 | 5,612,984 | 5,677,567 | 6,115,439 | 14,656,223 | 17,330,684 | 19,436,262 | 115,798,951 |
| Total Therms | 72,900,064 | 71,581,528 | 63,944,701 | 45,053,323 | 32,147,446 | 17,461,154 | 12,608,524 | 11,911,111 | 12,551,552 | 24,950,412 | 40,669,931 | 65,964,115 | 471,743,861 |
| CCRC (interim rate) | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 | 0.02432 |
| Total Recovery (interim rate) | $ 1,772,929.56 | $ 1,740,862.76 | $ 1,555,135.13 | $ 1,095,696.82 | $ 781,825.89 | $ 424,655.27 | $ 306,639.30 | $ 289,678.22 | $ 305,253.74 | $ 606,794.02 | $ 989,092.72 | $ 1,604,247.28 | $ 11,472,810.70 |
| CCRC (final rate) | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 | 0.02448 |
| Total Recovery (final rate) | $ 1,784,593.57 | $ 1,752,315.81 | $ 1,565,366.28 | $ 1,102,905.35 | $ 786,969.48 | $ 427,449.05 | $ 308,656.67 | $ 291,584.00 | $ 307,261.99 | $ 610,786.09 | $ 995,599.91 | $ 1,614,801.54 | $ 11,548,289.72 |
| Difference (journal entry) | $ 11,664.01 | $ 11,453.04 | $ 10,231.15 | $ 7,208.53 | $ 5,143.59 | $ 2,793.78 | $ 2,017.36 | $ 1,905.78 | $ 2,008.25 | $ 3,992.07 | $ 6,507.19 | $ 10,554.26 | $ 75,479.02 |