

Minnesota Public Utilities Commission

Staff Briefing Papers

Meeting Date: December 17, 2015.....* Agenda Item # 1

Company: Community Co-ops of Lake Park ("CCLP" or "the Co-op")

Docket No. G-6956/M-15-856

In the Matter of Community Co-ops of Lake Park's Petition for an
Exemption for a Small Gas Utility Franchise

Issues: Does Community Co-ops of Lake Park meet the statutory requirements
to qualify for a small gas utility franchise exemption under Minn. Stat. §
216B.16, subd. 12?

Should the Commission require the Co-op to update its tariff language
to reflect the suggested changes recommended by the Department of
Commerce and the Public Utilities Commission's Consumer Affairs
Office?

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Relevant Documents

Community Co-ops – Initial Filing.....September 25, 2015
Community Co-ops – Supplemental Documents.....October 14, 2015
Department of Commerce - Comments.....October 26, 2015
Community Co-ops – Updated Tariff.....October 30, 2015
Community Co-ops – Revisions to Tariff.....November 16, 2015

The attached materials are workpapers of the Commission Staff. They are intended for
use by the Public Utilities Commission and are based upon information already in the
record unless otherwise noted.

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December 9, 2015

Statement of the Issues

Does Community Co-ops of Lake Park (CCLP) meet the statutory requirements to qualify for a small gas utility franchise exemption under Minn. Stat. § 216B.16, subd. 12?

Should the Commission require the Co-op to update its tariff language to reflect the suggested changes recommended by the Department of Commerce and the Public Utilities Commission's Consumer Affairs Office?

Relevant Statutes

Minn. Stat. § 216B.02, subd. 4 - Public utility. [defined]

“Public utility” means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof.... In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from the regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility. ...

Minn. Stat. § 216B.16, subd. 12 – Exemption for small gas utility franchise.

- (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of 2,000 customers.
- (b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.
- (c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

- (d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.
- (e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

Background: Party Comments

August 31, 2015: CCLP filed a Petition and requested an exemption from the requirements of Minn. Stat. 216B.16 for a small gas utility franchise for service provided to the cities of Mahanomen, MN and Twin Valley, MN. The Company also requested that the Commission grant an exemption for incidental natural gas services CCLP is able to provide to the rural areas outside of the borders of the Municipalities it serves.

October 14, 2015: CCLP filed supplemental documentation (Attachment A) that was inadvertently omitted from its initial filing.

October 26, 2015: The Department submitted its comments and recommended the Commission find the following:

- CCLP is a public utility under Minn. Stat. § 216B.02, subd. 4;
- CCLP's operations comply with the requirements of Minn. Stat. § 216B.16, subd. 12 (a), to be exempt from Commission rate regulation; and
- Grant CCLP's request for an exemption under Minn. Stat. § 216B.16, subd. 12 for service provided within the Municipalities of Mahanomen and Twin Valley, and incidental service provided outside the Municipal boundaries.

The Department also recommended the Company make certain changes to its Rates/Services and Regulations book, including updating its tariff to reflect that CCLP must comply with the Commission's Cold Weather Rule.¹

October 30, 2015: CCLP submitted an update to its Rates/Services and Regulations book that incorporated the changes suggested by the Department.

November 16, 2015: CCLP submitted a letter outlining additional changes made to the Rates/Services and Regulations book.

¹ Minn. Stat. § 216B.16, subd. 12(c); Minn. Stat. § 216B.096; Minn. Stat. § 216B.097

Company Background

CCLP is a Minnesota cooperative association organized and existing under the laws of Minn. Stat. § 308A. Its primary place of business is located in Lake Park, MN. This is the first exemption requested by the Company and the first such request made by a cooperative. In 2014, the Commission approved the small gas utility franchise exemption for Dooley's Natural Gas, LLC (Docket No. 13-672).²

CCLP proposed development of a natural gas distribution system to provide natural gas service to the cities of Mahanomen and Twin Valley, Minnesota, including incidental service outside of the city borders. Prior to CCLP developing a natural gas distribution system to serve customers in these communities, natural gas was not available. Propane was the primary fuel used for industrial, agricultural, commercial and residential uses.

In response to low natural gas prices and the growing price differential between the cost of propane and natural gas, CCLP worked with the Municipalities to develop a natural gas distribution system to serve previously un-served customers. The system was developed with the understanding that it would be regulated by the Municipalities under Minnesota's statutory exemption for small gas utility franchises.

As a result of these efforts, each Municipality granted CCLP a non-exclusive franchise to supply natural gas in their communities. Each Municipality has passed a resolution of its governing body supporting the exemption and that CCLP would serve less than 500 customers within each Municipality. At no point will CCLP serve more than 2,000 customers and the distribution system was not developed to serve more than 2,000 customers.

Upon completion of the system near the end of September 2015, CCLP estimated it will serve approximately 350 customers, including an estimated 30 customers served in incidental areas, outside of the Municipal boundaries. The exemption would accommodate requests for natural gas service in the communities and lower costs for all customers on the CCLP system.

Before CCLP's development of its gas distribution system, natural gas was not available to businesses and residences in its proposed service territory. CCLP stated it believes that service to the rural areas and townships surrounding the Municipalities is incidental to its franchised service and would fill a currently unmet need and assist economic development in the area. The ability to serve these areas with existing infrastructure by adding customers results in lower rates for all customers due to the "one-system rate structure" that has been adopted by CCLP and the Municipalities. CCLP intends to use the same "one-system rate structure" approved by the Municipalities as the initial governing rate structure and terms and conditions of service to customers outside of the Municipalities' borders.

² Greater Minnesota Gas, Inc. also started as an exempt natural gas utility in 1995 but now has more than 2,000 customers and became a Commission-rate-regulated utility in 2003 (Docket No. 03-117). There are several other exempt natural gas utilities in Minnesota.

To facilitate the one system rate structure, CCLP has worked with the Municipalities and developed its Rates/Service & Regulations Book (Rate Book) that would apply to service anywhere on the CCLP system. The Rate Book is modeled after Dooley's Natural Gas tariff and includes rates and applicable terms and conditions for service, including CCLP's adoption of the Commission's policies and procedures governing disconnection during cold weather as required by Minn. Stat. §216B.16, Subd. 12(c). These rates are "interim" and will be reevaluated after the system has been operating for a period of time. Mahnomen and Twin Valley officially acknowledged and approved CCLP's effective rates and rules. The Rate Book constitutes the initial rates and terms and conditions of service for the entire CCLP service territory.

CCLP stated that more exemptions requests would be filed by the Company in the future. The Company also stated that the townships located in the county of Norman (McDonaldsville, Lake Ida, Wild Rice, Fossum) and in the county of Mahnomen (Marsh Creek, Pembina, Rosedale, Chief) support the exemptions.

Department Analysis

The Department, Company and Staff agree that CCLP qualifies for the small gas utility franchise exemption. A brief recap of the Department's Analysis follows.

The Company stated that each Municipality has passed a resolution of its governing body supporting an exemption for CCLP from the requirements of Minn. Stat. § 216B.16 and confirming in each case that CCLP would serve less than 500 customers within each Municipality. At no point will CCLP serve more than 2,000 customers total; nor was the distribution system developed to serve more than 2,000 customers.

Construction of the small distribution system is estimated to be completed near the end of September of 2015. CCLP stated it intends to provide natural gas distribution service to approximately 350 customers. Included among these customers are approximately 30 customers that are located outside the Municipalities' borders.

The Department stated as indicated above, a natural gas business with 650 or fewer customers within a city and pursuant to a franchise granted by the city may request exemption from rate regulation if a resolution from the city is provided supporting the exemption request. The city councils of Mahnomen and Twin Valley signed ordinances granting CCLP a 10-year franchise to operate, repair and maintain a natural gas distribution system within the city limits.

Based on the information the Company provided about its operations, the Department concluded that CCLP is a public utility under Minn. Stat. § 216B.02 subd. 4 and that CCLP meets the requirements of Minn. Stat. § 216B.16, subd. 12(a) to be exempt from Commission rate regulation. The Department recommended that the Commission grant CCLP's request for an exemption from Minn. Stat. § 216B.16, subd. 12 for service provided within, and incidental service provided outside, the borders of the Municipalities Mahnomen and Twin Valley.

Language to Include in the Order

Based upon its review of the Commission's January 7, 2014 Order (in Docket No. 13-762) granting an exemption to Dooley's Natural Gas (DNG), the Department recommended the Commission Clarify in its Order in this docket that while DNG has been exempted from rate regulation under Minn. Stat § 216B.16, subd.12, DNG remains subject to various other statutory provisions under Commission jurisdiction, including but not limited to the following:

- Minn. Stat § 216B.096 – Cold Weather Rule
- Minn. Stat § 216B.0976 – Notice to Cities of Utility Disconnection
- Minn. Stat § 216B.098 – Residential Customer Protections

The Department recommended the Commission include language in the Order that under state law, CCLP continues to be responsible to submit the following to the Commission:

- Annual Cold Weather Rule reports as required under Minn. Stat. § 216B.096, Subd. 11;
- Annual tariff updates with Municipally approved rates to the Commission (Minn. Stat. § 216B.16, Subd. 12 (c)); and
- Any subsequent changes in rates, tariffs and contracts for service outside the Municipalities at least 30 days in advance of implementation.

The Department also recommended that the Commission clarify in its Order that:

- CCPL is required to make annual filings as well as file subsequent changes in rates, tariffs, and contracts for service outside the Municipalities, at least 30 days in advance of implementation, again as required by law.
- CCLP has an affirmative duty to inform the Commission should its customer base expand beyond the 2,000 customer threshold.

Tariff Language

The Department recommended several changes to the tariff language the Company proposed in its initial filing. The Company responded to the Department's suggestion and resubmitted updated tariffs. The Commission's Consumer Affairs Office also reviewed the tariffs and recommends several changes so that the Company will be in compliance with Minnesota statutes & rules. The proposed changes are included in the attachment to the Briefing Papers. The Department and Staff's recommendations and revisions to the tariff have been reviewed by and agreed to by the Coop.

Decision Alternatives

A. Petition for Exemption

1.) Approve the Petitioner's request for an exemption from the requirements of Minnesota Statutes §216B.16 for service provided within the borders of the Municipalities listed in the petition, and for incidental service outside the borders of the Municipalities it serves, as listed in the petition, subject to making required compliance filings; OR

2.) Do not approve the petition.

B. Compliance Filings

1.) Require the Company to submit a revised copy of its Rates/Service & Regulation Book (Rate Book) in a compliance filings within 20 days of the Commission's order in this docket; OR

2.) Do not require some or all of the compliance filings.

C. Clarification of Statutory Requirements & Ongoing Items Going Forward

Include language in the Order that under state law, CCLP continues to be responsible to submit the following to the Commission:

- 1.) Annual Cold Weather Rule reports as required under Minn. Stat. § 216B.096, Subd. 11;
- 2.) Annual tariff updates with Municipally approved rates to the Commission (Minn. Stat. § 216B.16, Subd. 12 (c)); and
- 3.) Any subsequent changes in rates, tariffs and contracts for service outside the Municipalities at least 30 days in advance of implementation, pursuant to Minn. Stat. § 216B.16, subd. 12(b).

Clarify in its Order that:

- 4.) CCLP has an affirmative duty to inform the Commission should its customer base expand beyond the 2,000 customer exemption threshold.

Recommendation

A1, B1, C1, C2, C3, C4



Rates / Services & Regulations Book

Originated June 2015

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Section 1

I. Contact List

The following lists the addresses, emergency contacts, and the responsible parties of Community Co-ops of Lake Park.

Officers

President:	Bruce Nelson
	PO Box 329
	Lake Park, MN 56554
	218-238-5911
Secretary	John Habedank
	PO Box 329
	Lake Park, MN 56554
	218-238-5911
Main Office:	Community Co-ops
	P.O. Box 329
	Lake Park, MN 56554
	320-847-2438
	Manager: David Blomseth
	C-218-849-0278 (emergency contact number)
	Systems Operations Specialist: Jake Swiers
	C-218-396-0535 (emergency contact number)

Section 2

II. List of Areas Served by Community Coops

Community Co-op proposes to supply gas service to the following cities.

Cities Involved

Mahnomen

Twin Valley

Section 3

III. TECHNICAL TERMS AND ABBREVIATIONS

Applicant

A person, firm, association, partnership, corporation, and any agency or political subdivision of the Federal, state, or local government requesting Community Co-ops to supply gas service. A request for gas service is distinguished from an inquiry as to the availability of or charges for such service.

Customer

The person, firm, association, partnership, corporation, or any agency of the federal, state, or local Government being supplied with gas service by Community Co-ops.

Gas Mains

Any pipe used or useable for the purpose of delivering and distributing gas to individual gas service lines or other gas mains.

Gas Main Extension

An extension of an existing gas main.

Gas Service Line

All pipe, valves, and fittings from and including the connection at the gas main up to the including the stopcock on the inlet side of the regulator or gas meter.

Gas Meter Set

All fittings, including regulator, meter and attachment bracket between the stopcock at the end of the gas service line and the connection to the customer's piping at the outlet of the meter.

Normal Gas Meter location

On the outside of the building to be served and on the face or within five feet of the corner of the building in closest proximity to the gas main to which the gas service pipe is to be attached.

Normal Gas Service Line

A gas service pipe installed in a straight line from the gas main to a normal gas meter location.

Notices

Unless otherwise specified, any notice from Community Co-ops to a customer, or from a customer to Community Co-ops, may be oral or written. A written notice from Community Co-ops may either be delivered or mailed to the Customer's last known address. A written notice from the customer may either be delivered or mailed to Community Co-ops main office at P.O. Box 329 Lake Park, MN 56554 or to its branch office in Mahanomen.

Person

An individual person, firm, association, partnership, corporation, any agency or political subdivision of the Federal, state or local government or any applicant or customer as herein defined.

Premises

The structure or structures owned or occupied by a person including the lot or land upon which they are situated and all other land owned or occupied by the persons contiguous thereto

Regular Construction Season

The period beginning April 1 and ending October 31 of each year.

Commission or PUC

The Minnesota Public Utilities Commission

Date Issued

The date the rate schedule, contract, agreement, etc. is submitted to the Commission.

Standby Gas Service

Service continuously available through a permanent connection to provide gas for customer's use in case of failure of another regularly used source of energy.

Supplementary Gas Service

Service continuously available through a permanent connection to supplement or augment directly or indirectly on an intermittent basis another source of energy.

Emergency Gas Service

Service supplied through a temporary connection for customer's use when his usual source of energy has failed.

Residential Customer

A residential customer uses gas for general household purposes in a space occupied as a living unit, such as a single private residence, single flat or apartment with less than five units, fraternity house, sorority house or rooming house.

Commercial Customer

A commercial customer uses gas in the conduct of a business enterprise in space occupied and operated for commerce, such as stores, offices, shops, hotels, apartment hotels, multiple flats or apartments with five or more units, wholesale houses, warehouses, garages, filling stations, greenhouses, nurseries and kennels, schools, churches, hospitals, and other institutions of similar nature.

Industrial Customer

An industrial customer uses gas in a space dedicated to the production of articles of commerce through manufacturing, processing, refining, mining, or fabricating.

Contributions in Aid of Construction

Moneys deposited with Community Co-ops by customers or applicants as non-refundable contributions to aid expansion of the distribution system, when Community Co-ops determines that specific extensions of service are in excess of requirements allowed by these Rules and Regulations without a contribution. Included are excess service charges, casing charges, and in some cases, excess main charges.

Advances for Construction

Moneys advanced to Community Co-ops by customers or applicants as a refundable non-interest bearing advance for extension of the distribution system that are deemed not economically feasible or abnormal as determined by these Rules and Regulations. These advances are refundable in full or part for only a specific period

IV. Rate Schedules and Applicable Provisions

Section 4

Cost of Purchased Gas:

This is the base price of gas paid to suppliers to have gas distributed to our system. This cost is based on the following expenses, and the final price will be determined when system is operational

Cost of Gas	0.3006
GMT Transmission Fee	0.07
Transportation Costs	0.0794
Base Cost of Gas	0.45

Section 5

RESIDENTIAL SALES SERVICE

Rate Schedules: RFR Residential Firm Rates (Cat-1)

Availability:

Residential Sales Service is available upon request to Residential Firm customers contingent on an adequate gas supply and distribution system capacity.

Rate: MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
\$10.00	\$0.67	\$1.12

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge of \$10.00 will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the Automatic Bank Draft option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5 percent (18 percent annually) or \$1.00, whichever is greater. If unpaid balance is \$10 or less, no late payment charge will be applied.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the Budget Plan or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Section 6

SMALL VOLUME COMMERCIAL

Commercial Firm Rates Small: CFRS (cat-z)

Availability:

Small Volume Commercial Service is available to Commercial customers whose peak day demands are less than 1,250,000 BTU's contingent on an adequate gas supply and distribution system capacity. Their gas usage is primarily for commercial service.

Rate: Peak Demand	MONTHLY BASIC CHARGE	DELIVERY CHARGE PERTHERM	COST OF GAS PER THERM
Less than 1,250,000 BTU's	\$20.00	\$0.62	\$1.07

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge applicable as listed above will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the Automatic Bank Draft option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5 percent (18 percent annually) or \$1.00, whichever is greater. If unpaid balance is \$10 or less, no late payment charge will be applied.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the Budget Plan or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Section 7

LARGE VOLUME COMMERCIAL AND INDUSTRIAL SALES SERVICE

Large Volume Commercial and Industrial Firm Rates Large: IFR (Cat-3)

Availability:

Large Volume Commercial and Industrial Sales Service is available to Commercial and Industrial firm customers whose peak day demands are greater than 1,250,000 BTU's and less than 2,500,000 BTU's contingent on an adequate gas supply and distribution system capacity. There gas usage is primarily for commercial and industrial usage.

Rate: ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 2,500,000 BTU's	\$100.00	\$0.51	\$0.96

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge applicable as listed above will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the Automatic Bank Draft option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5 percent (18 percent annually) or \$1.00, whichever is greater. If unpaid balance is \$10 or less, no late payment charge will be applied.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the Budget Plan or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments. All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Section 8

AGRICULTURAL HEATING AND DRYING SALES SERVICE

Agricultural Heating and Drying Firm Rates Large: CFR (Cat-4)

Availability:

Large Volume Commercial and Industrial Sales Service is available to commercial and Industrial firm

customers whose peak day demands are greater than 2,500,000 BTU's contingent on an adequate gas

supply and distribution system capacity. There gas usage is primarily for agricultural heating and drying usage.

Rate: ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Agricultural Heating	\$100.00	\$0.47	\$0.92

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge applicable as listed above will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the Automatic Bank Draft option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5 percent (18 percent annually) or \$1.00, whichever is greater. If unpaid balance is \$10 or less, no late payment charge will be applied.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the Budget Plan or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments. All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Section 9

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Section 10

SMALL VOLUME FIRM TRANSPORTATION SERVICE

Availability:

Available to any firm customer whose peak day requirements are less than 2000 therms for the delivery of gas owned by the customer from a Community Co-ops of Lake Park. Town Border Station(s) to a meter location on the customer's premise.

Rate: ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS DEMAND CHARGE
Less than 1500 Therms	\$100.00	\$0.045	\$0
Equal to or greater than 1500 Therms and less Than 5000 Therms	\$125.00	\$0.045	\$0
Greater than or equal 5000 Therms	\$150.00	\$0.045	\$0

- 1) Community Co-ops of Lake Park may, at its option take title to transportation gas, if necessary to arrange interstate pipeline transportation to Community Co-ops of Lake Park's Town Border Station(s).
- 2) Customer will provide Community Co-ops of Lake Park's Throughput Management Department in writing (by facsimile) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
- 3) Customer is responsible for reimbursing Community Co-ops of Lake Park for all incremental on-site plant investments, including telemetry equipment, required by Community Co-ops of Lake Park for providing transportation services to the customer. This investment shall remain the property of Community Co-ops of Lake Park.
- 4) Customer may choose to purchase firm transportation service under Community Co-ops firm transportation (FT) rate, or secure their own firm pipeline transportation with the following provisions:
 - a. If customers choose to purchase Community Co-ops of Lake Park's FT rate, the demand charge per therm is as set forth on the tariff.
 - b. If customers choose to secure their own firm pipeline transportation, Community Co-ops would forego the gas-related portion of the demand charge per therm as set forth on the tariff, provided that Community Co-ops of Lake Park can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Section 11

PURCHASED GAS ADJUSTMENT RIDER

Purchased Gas Adjustment (PGA)

In the event there is a change in the delivered cost of gas purchased that will result in a billing rate change that exceeds .3 ¢ per Therm, to be sold under Community Co-ops of Lake Park's gas service rate schedules), there shall be added to or deducted from the monthly bill computed there under the product of the monthly consumption and the amount per Therm to the nearest 0.001 ¢ by which the average annual purchased gas cost per Therm at the new rate is more or less than the "base gas cost" which is the cost of purchased gas established in Community Co-ops of Lake Park's latest company rate filing by rate class, expressed as a cost per Therm.

Cost of Gas by Component

- a) Annual demand unit cost is defined as annual demand costs divided by annual demand sales volumes. Annual demand sales volume is calculated pursuant to MPUC Rule 7825.2400.
- b) GMT Delivery Fees is defined as the rate charged for transmission by GMT for transmission line delivery.
- c) Transportation Fee is defined as the commodity based charge for sourcing and balancing the CCLP gas supply, the basis, transportation of the pipeline and the firm transport.
- d) Commodity Unit Cost is defined as the system commodity related costs forecasted to be incurred during the next month for forecasted sales for the same month.

Annual Gas Cost Reconciliation:

For each twelve (12) month period ending June 30, an annual cost reconciliation by cost component will be determined based upon actual annual gas costs incurred by Community Co-ops of Lake Park compared with annual gas costs recovered from volumes of gas sold. The annual cost recovered by cost component is the product of the total unit rate used in calculating the PGAs during the twelve (12) month period and the applicable gas sales volumes during the period when each of the total unit rates were in effect. The difference between actual cost and recovered cost for each component will be used in calculating a Gas Cost Reconciliation (GCR) factor for each rate schedule. The GCR factor will be applied to customers' billings on September 1 and will be in effect for a twelve (12) month period.

Refund Procedure:

Refunds and interest on the refunds that are received from the suppliers or transporters of purchased gas and attributable to the cost of gas previously sold, will be annually refunded by credits to bills, except that cumulative refund amounts equal to or greater than \$5.00 per customer must be refunded within ninety (90) days from the date the refund is received from a supplier or transporter. Refunds will be allocated to customer classes in proportion to previously charged costs of purchased gas. Within classes, the refund amount per unit will be applied to bills on the basis of individual twelve (12) month usage.

Section 12

STATEMENT OF PURCHASED GAS ADJUSTMENTS

Effective _____, the rate schedules listed below will be changed as provided in the purchased gas Adjustment Rider.

\$ PER THERM

RATE SCHEDULE PAGE (SECTION V)

PREVIOUS PGA EFFECTIVE

CURRENT ADJUSTMENT

PGA EFFECTIVE

Cat 1 Residential Sales Service

Cat 2 Small Volume Commercial

**Cat 3 Large Volume Commercial and
Industrial**

Cat 4 Agricultural Heating and Drying

Section 13

FRANCHISE FEE RIDER

Billing of Franchise, Gross Earnings, Receipts or Revenue Tax, Excise Tax or Other Charges or Taxes, there shall be added to the customer's bill, an amount equal to any franchise gross earnings, excise or other charges or taxes now or hereafter imposed upon Community Co-ops of Lake Park, whether imposed by ordinance, franchise or otherwise applicable to gas service supplied by Community Co-ops of Lake Park to customer.

The Company remits 100% of these fees collected from ratepayers to the local governmental unit. The Company will notify the Minnesota Public Utilities Commission of any new, expired, or changed franchise 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 of a customer on which a new or modified fee is listed:

The MUNICIPALITY granted Community Co-ops of Lake Park a franchise to operate within the city limits. A Gas franchise fee of xx of Gross Revenues/\$x.xx per *Meter*/\$x.xx per Therm will be collected from customers effective MM/DD/YYYY. The line item appears on your bill as "City Franchise Fee." Community Co-ops of Lake Park remits 100 percent of this fee to the MUNICIPALITY.

Section 14

VI. DEFINITIONS

See Section IV.

Section 15

VII. GENERAL INFORMATION

These Rules and Regulations filed as part of the Community Co-ops of Lake Park Rate Book are intended to promote safe and adequate service to the public, to provide standards for uniform and reasonable practices by Community Co-ops of Lake Park, to set forth the terms and conditions under which gas service will be supplied and to govern all classes of service to the extent applicable, and are made a part of all agreements for the supply of gas service unless specifically modified in a particular rate schedule.

Community Co-ops of Lake Park shall furnish service under these Rules and Regulations and its rate schedules. Copies of this Rate Book are available for inspection at the Community Co-ops of Lake Parks offices. No representative of Community Co-ops of Lake Park has authority to modify any provision contained in this Rate Book or to bind Community Co-ops of Lake Park by any contrary promise or representation.

Section 16

VIII. APPLICATION FOR GAS SERVICE

Application

Application for new gas service or turn on of existing gas service may be made by the owner, occupant or agent in control of the property, in person at Community Co-ops business offices, by telephone, by fax, or by mail. Application for service must be made and accepted by Community Co-ops of Lake Park prior to the commencement of Community Co-ops service.

Rejection of Application

Community Co-ops of Lake Park may refuse applications for new gas service or turn on of existing gas service upon reasonable grounds. The following situations would qualify as reasonable grounds:

- 1) Service is not economically feasible;
- 2) Service to a new applicant might affect the supply of gas to other customers;
- 3) Failure of customer to agree to comply with Rules and Regulations;
- 4) Improper use of gas service or equipment;
- 5) Community Co-ops of Lake Park and/or its pipeline supplier are unable to provide the necessary gas supply.

Duration

Community Co-ops of Lake Park will supply gas service to a customer until notified by the customer to discontinue service. The customer will be responsible for payment of all service provided to the date of the discontinuance. All service is subject to the rates, rules and regulations stated in Community Co-ops of Lake Park's Rate Book.

Authorized Connection of Qualifying Customer

New or existing customers that want to install gas equipment shall obtain such permits as may be required by appropriate municipality to install that piece of equipment. Community Co-ops of Lake Park shall obtain permits necessary for all existing or prospective customers seeking an increased or new supply of natural gas from the appropriate authorities, including but not limited to the municipality, county, state, Department of Natural Resources or the Highway Department. When gas supplies are adequate and where the gas distribution system has sufficient capacity to provide the gas service requested without jeopardizing gas supply to the area being served by the existing gas distribution system, Community Co-ops of Lake Park will authorize connection of customers who qualify under these Rules and Regulations in the order that their applications are received. If an application for gas service is denied by Community Co-ops of Lake Park, it will be held for subsequent approval if gas supply conditions warrant, in the order in which it was received.

Standby, Supplementary and Emergency Gas Service

Standby, supplementary and emergency gas service is available only by special arrangement and under specific individualized contracts.

Section 17

IX. GAS MAINS

Community Co-ops of Lake Park will install mains under the following guidelines and conditions:

Gas Main Design and Ownership

Community Co-ops of Lake Park will determine the location, size, kind and type of all gas mains, and the method and manner of installation.

All gas mains are the property of Community Co-ops of Lake Park. No building, structure or slab shall be constructed over a gas main without Community Co-ops prior written consent.

Location of Gas Mains

Gas mains will normally be installed in streets or alleys which have been dedicated as a public way, or in dedicated utility easements, all of which will be graded to within six (6) inches, if required, of a permanent established elevation.

Gas mains will not be installed on private property unless Community Co-ops deems it necessary and desirable to do so and all necessary easements are obtained.

Permits

All permits, or blanket approvals, as may be required, must be issued to Community Co-ops prior to installation of gas mains.

Economic Feasibility

Community Co-ops of Lake Park will apply the general principle that the rendering of gas service to the applicant shall be economically feasible so that the cost of extending such service will not have an undue burden on other customers. In determining whether the expenditure for gas service is economically feasible, Community Co-ops of Lake Park shall take into consideration the total cost of serving the applicant and the expected revenue from the applicant.

Once Community Co-ops of Lake Park waives any additional customer charges for main and service extensions, Community Co-ops of Lake Park cannot at any point recover those charges from ratepayers.

Economic Feasibility (Continued)

General Rules and Regulations Applicable to a" Firm Service Extensions

A. Subject to the availability of gas supply and upstream pipeline transportation and the ability to install facilities in compliance with the pipeline safety regulations; the company will extend its gas mains and services to an applicant where such extensions meet the main extension criteria listed below. When such conditions are not met, an extension may be constructed if applicant makes an appropriate advance payment to the Company:

1. When water and sewer service by a municipal or regional water authority have been or will be installed within the next twelve months in the right-of-way serving potential customers.
2. When economic feasibility, including future growth expectations and commercial and industrial loads provide projected annual gross margins (revenue – cost of gas) equal to or greater than 18% of Companies projected project costs. A gas service agreement specifying minimum use may be used to assure economic feasibility based on projected annual gross margin. A gas service agreement specifying minimum use may be used to assure economic feasibility based on projected annual gross margins.
3. When system capacity upgraded dictate installation of new mains to meet the capacity needs, where customer additions are secondary to the increased system capacity.

B. In situations where customer contributions are required, each customer will be required to pay a contribution such that gross margins are projected to be 18% of estimated project costs after excluding costs equal to the customer's contribution in aide of construction.

Expense of Installation - Gas Mains

If in the opinion of Community Co-ops of Lake Park, gas service is not now, nor ever will be, economically feasible, Community Co-ops of Lake Park will make an estimate of the cost of the project and the extension will nevertheless be made only if the applicant pays a non-refundable contribution-in-aid-of-construction Community Co-ops for the portion of the capital expenditure and annual operating Costs not justified by the annual revenue.

Expense of Installation - Gas Mains (Continued)

Community Co-ops of Lake Park may install gas mains without charge to service residential, commercial or industrial users where it deems the anticipated Revenue is sufficient to warrant such installation or in other cases where Community Co-ops determines the conditions justify such installation.

Community Co-ops of Lake Park may in its discretion install gas mains without charge to areas where water and sanitary sewer mains are in place.

When the gas main line is installed between November 1 and April 1, inclusive, because the requirements set forth by Community Co-ops of Lake Park to complete installation during normal construction were not met or because the customer's property, or the streets leading thereto, are not ready to receive the pipe, such Work may be subject to a fixed winter construction charge. Winter construction will not be

undertaken by Community Co-ops where prohibited by law or where it is not practical or prudent to install gas service pipe during the winter season.

Advance for Construction Requirements

If the installation of a gas main is expected to be supported by future annual revenues, Community Co-ops of Lake Park shall require the applicant to make a refundable cash advance or provide a Letter of Credit for construction of main extension from the gas main in excess of 100 ft. of gas main allowance per residential structure using gas for primary space heating, calculated at \$5.00 per foot for each foot of gas main in excess of the allowance. The advance must be received before construction begins.

Section 18

X. GAS SERVICE LINES

Gas Service Line Design

Community Co-ops of Lake Park will determine the location, size, kind, and type of all gas service lines, the method and manner of installation, and their connection with the gas main and the customer's gas piping.

Ownership

All gas service lines are the property of Community Co-ops of Lake Park.

Regular Use of Gas

The building to which the gas service pipe is installed must be permanent in nature and not a temporary or portable building. Community Co-ops of Lake Park holds the sole right to determine whether a facility meets the stated qualifications before providing gas service. In making this determination, Community Co-ops may consider the use for which the building is intended, the type of construction, the location of the building, the size of the building, the absence or presence of other utility services to the building, including water and sanitary sewer service and any other criteria it deems relevant.

Gas Service Line Installations

Gas service lines shall be constructed or installed only by Community Co-ops of Lake Park or its authorized agents. No building, structure or slab shall be constructed over a gas service line without Community Co-ops of Lake Park's prior written consent. Community Co-ops of Lake Park has the right to recover the costs of relocating services if the customer has impaired Community Co-ops of Lake Park's access to the service line.

A gas service line will not be installed through one person's private property in order to serve a premise located beyond unless Community Co-ops of Lake Park deems it necessary and desirable to do so and all necessary easements are obtained without cost to Community Co-ops of Lake Park. Gas service lines will not be extended beyond the outlet side of the gas meter.

Community Co-ops of Lake Park will not install more than one gas service line to the same premise unless Community Co-ops of Lake Park finds that an additional gas service line is the most practical way to serve the applicant for gas service or an applicant requests an additional gas service line, and in the opinion of Community Co-ops of Lake Park, an unreasonable burden would be placed on the applicant if an additional gas service line were denied. When an additional gas service line is installed at the applicant's request, the applicant may be required to pay the cost incurred by Community Co-ops of Lake Park in making the installation. Gas provided by each gas service line shall be billed as a separate account.

When the gas service line is installed between November 1 and April 1, inclusive,

because the requirements set forth by Community Co-ops of Lake Park to complete installation during normal construction were not met or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe, such work may be subject to a fixed winter construction charge established annually. Winter construction will not be undertaken by Community Co-ops of Lake Park where prohibited by law or where it is not practical or prudent to install gas service pipe during the winter season.

Gas Service Line to Curb

Community Co-ops of Lake Park may install gas service connections to the curb under the following conditions:

- 1) The street is at final width and grade.
- 2) Sanitary sewer, water mains, and service connections to the abutting property are installed in the street.
- 3) Community Co-ops of Lake Park's gas main is located in the street
- 4) The street is scheduled for permanent paving or resurfacing.
- 5) Community Co-ops of Lake Park determines that gas service to abutting property owners will be requested within five (5) years from the permanent paving or resurfacing.

Maintenance and Responsibility

Community Co-ops of Lake Park will maintain all gas service lines to provide an adequate and continuous supply of gas to the customer, but it will not be liable for a failure to deliver gas, wholly or in part, by any cause not reasonably within its control including but not limited to the following: fire, explosion, flood, strike, unavoidable accident, rupture of pipe from ground disturbances, federal, state, or municipal interference, failure to receive an adequate supply of gas at suitable pressure from its supplier, or acts of God. Community Co-ops of Lake Park will not be liable for any loss of profits or other consequential damages resulting from the use of service or any interruption or disturbance of service.

Alterations Requested by Customer or Contractor

All renewals, changes, alterations, disconnections or relocations of gas service line for the convenience of the customer or at the request of a contractor will be made by Community Co-ops of Lake Park at the customer's or contractor's expense. (See Section VI, Part 15.00 for charge details.)

If the service line alteration will result in additional sales, Community Co-ops will calculate the alteration charge with consideration of the estimated incremental revenues resulting from the change.

Notice to Community Co-ops of Lake Park Before Alterations

When it becomes necessary to alter, change, renew, disconnect or relocate a gas service line because of changes in remodeling or removing a building, installation of other utilities, for the convenience of a customer, or at the request of a contractor, Community Co-ops of Lake Park shall be notified in ample time so that it may properly protect and care for its facilities.

Economic Feasibility

Community Co-ops of Lake Park may install gas service lines without charge to service applicants where the anticipated revenues are sufficient to warrant such installation or in other cases where Community Co-ops of Lake Park determines the conditions justify such installations.

Expense of Installation

Subject to reasonable construction schedules, availability of materials, reasonable notice by the applicant, and upon application, Community Co-ops of Lake Park will furnish and install a gas service line of suitable capacity from its gas main to a normal meter location, satisfactory to Community Co-ops of Lake Park, subject to the following qualifications:

1) Community Co-ops of Lake Park will install a gas service line to serve a residential customer in a permanent structure using gas for primary space heating without charge to the extent of 100 feet measured from the property line or 105 feet from the center of the publicly dedicated street, alley or public or private utility easement, whichever is greater.

If additional gas service line is required, Community Co-ops of Lake Park may require the applicant to make a non-refundable contribution in aid-of-construction calculated at \$5.00 per foot of gas service line in excess of the allowance provided for above. The customer may pay the contribution in equal monthly installments over a period not to exceed ninety (90) days interest free.

2) If it is not practicable to locate the gas meter in the normal meter location and it is necessary to locate the gas meter at an alternate meter location; the customer will pay for the added gas service pipe beyond the service line allowance provided above.

Section 19

XI. GAS METERS

Ownership, Care, and Control

All gas meters, regulators, gas service lines, and all other apparatus installed by Community Co-ops of Lake Park upon the customer's premises for the purpose of delivering gas to the customer are the property of Community Co-ops of Lake Park and may only be detached, removed, repaired, or replaced by Community Co-ops of Lake Park or its authorized agent.

The customer shall exercise reasonable care to prevent the gas meters, regulators, gas service lines and other apparatus of Community Co-ops of Lake Park upon the premises from being damaged or destroyed and shall not interfere or tamper with the facilities. If any defect in this equipment is discovered, the customer shall notify Community Co-ops of Lake Park immediately. Community Co-ops has the right to remove any and all of its facilities installed on the customer's premises at the termination of service.

Selection of Gas Meter

Community Co-ops of Lake Park has the right to specify the type, kind, and size of the gas meter to be installed.

Location of Gas Meter

Community Co-ops of Lake Park shall approve the location of all gas meters prior to their installation. The customer shall provide a safe and accessible place for installation of the gas meter in accordance with all applicable codes. If the customer selects a meter location(s) or alters their property in such a manner that exposes Community Co-ops of Lake Park's metering equipment to vehicular traffic, the customer will be charged for required guard post meter protection.

Community Co-ops of Lake Park may refuse to install a gas meter, including but not limited to the following reasons:

- 1) In a hazardous or unprotected location;
- 2) In any location where surrounding conditions or elements may expose the gas meter to damage;
- 3) At any location where the gas meter is inaccessible for inspection, reading, testing, maintenance, or removal.

Gas meters will normally be installed on the outside of the building to be served on the face or at the corner of the building in closest proximity to the gas main to which the gas service line is to be attached.

In certain cases, Community Co-ops of Lake Park may, at its discretion, install a gas meter at other locations. In such cases, the gas meter will be installed at the point nearest where the gas service line enters the building, when practical.

Cost of Meter Installation and Relocation

Initial installation of the gas meter will be made at Community Co-ops of Lake Park's expense. Relocation of the gas meter may be made by Community Co-ops at the customer's request and expense. If the meter change is made in conjunction with a service line alteration which will result in additional sales, Community Co-ops of Lake Park will calculate the meter relocation charge with consideration of the estimated incremental revenues resulting from the change.

Community Co-ops of Lake Park's Right to Remove a Gas Meter

Community Co-ops of Lake Park reserves the right to remove a gas meter, and any and all of its other facilities installed on the customer's premises at any time when deemed necessary by Community Co-ops of Lake Park to protect such property from fraud, theft, damage, destruction, or in the event that the customer connects to another natural gas supplier, or in the event no gas usage has occurred at a non-locked meter for at least twelve (12) months.

Written notice of property removal shall be given to a bypass or non-use customer by registered mail at least 20 days prior to removal of property by Community Co-ops of Lake Park. Failure by the customer to respond to the notice shall be deemed as consent to the removal.

Community Co-ops of Lake Park's Right to Test a Gas Meter

Community Co-ops of Lake Park policies and procedures are consistent with Minnesota Rules 7820.3900, Inaccurate Natural Gas Meters.

Community Co-ops of Lake Park reserves the right to remove and test all gas meters.

A customer may request a test of the gas meter for accuracy. Community Co-ops shall attach a tag to the meter being removed for the test that shows the date the meter was removed, the customer's name and the address from which the meter was removed. If the meter is inaccurate the customer's billing will be adjusted, or a refund issued in accordance with Minnesota Rules 7820.3900 Inaccurate Gas Meters and 7820.4000, Natural Gas Utility Billing Errors. See BILLING, Section 22.

Section 20

XII. CUSTOMER DEPOSITS

Community Co-ops of Lake Park policies and procedures are consistent with Minnesota Rules 7820.4100 - 7820.4700, Deposit and Guarantee Requirements.

Amount of Deposit

Community Co-ops of Lake Park may require a new or an existing customer to make a cash deposit to Community Co-ops of Lake Park as security for the payment for gas service. The cash deposit shall not exceed an amount equal to the applicant's estimated two (2) month's bill or customer's highest bill for two (2) months. Community Co-ops of Lake Park does not require a deposit or guarantee of any customer or applicant who has established good credit with Community Co-op.

Community Co-ops of Lake Park will issue a non-negotiable receipt for each cash deposit received.

Interest on Deposit

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 on all deposits held during all or part of the subsequent year. Interest will be credited to the customer's account, credited to the unpaid final bill, or refunded to the customer. Community Co-ops of Lake Park will calculate interest from the date the deposit is received to the date the deposit is applied to the customer's account or refunded to the customer.

Community Co-ops of Lake Park will calculate interest as of December 31st of each year for each deposit and will credit the depositor's account for this amount.

Community Co-ops of Lake Park will review the necessity for each deposit at least annually and will refund deposits with accrued but unaccredited interest, where the deposit is deemed unnecessary.

Section 21

XIII. ACCESS TO CUSTOMER PREMISES

Community Co-ops of Lake Park's policy is consistent with Minnesota Rule 7820.3100, Uniform Access to Customer's Premises.

Uniform Access

All properly authorized agents of Community Co-ops of Lake Park shall have the right of access to the premises and property of the customer if an emergency situation involving imminent danger to life or property appears to exist.

Identification

Each employee of Community Co-ops of Lake Park authorized to enter, or go upon the customer's premises or property is provided with an identification card by Community Co-ops of Lake Park. **The** identification card is signed by an officer of Community Co-ops of Lake Park and by the employee. A customer may require the holder of the identification card to identify himself/herself by reproducing his/her signature for comparison. Customers are urged to ask for the employee's identification whenever there is doubt as to the card holder's identity.

Section 22

XIV. BILLING

Amount of Gas Used

Readings of all meters used for determining charges to customers shall be made each month unless otherwise authorized by the Commission. The term "month" for meter reading and billing purposes is the period between successive meter reading dates which shall be as nearly as practicable to thirty (30) day intervals. When Community Co-ops of Lake Park is unable to gain access to a meter, it shall leave a meter reading form for the customer.

Community Co-ops of Lake Park may permit the customer to supply meter readings, providing a Community Co-ops of Lake Park representative reads the meter at least once every twelve (12) months, when there is a change in customers or when requested by the customer.

If the billing period is longer or shorter than the normal billing period by more than five (5) days, the monthly customer charge on the bill shall be prorated on a daily basis.

Estimated Meter Readings

When access to a meter cannot be gained and the customer does not supply a meter reading in time for the billing operation, an estimated bill will be rendered. Estimated bills are based on the customer's normal consumption for a corresponding period.

Community Co-ops of Lake Park will regularly schedule estimated monthly meter readings throughout the year, but not over four (4) times in any twelve (12) month period. Only in unusual cases will more than two (2) consecutive estimated bills be rendered, unless the customer fails to provide meter readings for an inaccessible meter.

Undercharges

Community Co-op of Lake Park shall offer a payment agreement to 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 Community Co-op of Lake Park except that the duration of payment offered by Community Co-op of Lake Park to a customer whose household income is at or below 50 percent of state median household income must consider financial circumstances of the customer's household. No interest or delinquency fee may be charged as part of an undercharge agreement under this paragraph. Community Co-op of Lake Park must not bill for any undercharge incurred after the date of a customer inquiry or

complaint if Community Co-ops of Lake Park failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge.

Adjustment of Gas Bills

Inaccurate Natural Gas Meters

Meter too fast or too slow. Whenever any meter is found upon test to have an average error of more than two percent fast, the utility shall refund to the customer the overcharge. Whenever any meter is found upon test to have an average error of more than two percent slow, the utility may charge for the gas consumed but not included in bills previously rendered. The refund or charge for both the fast and slow meter shall be based on the corrected meter reading for a period equal to one-half the time elapsed since the last previous test, but not to exceed six months, unless it can be established that the error was due to some cause, the date of which can be fixed with reasonable certainty, in which case the refund or charge shall be computed from that date, but in no event for a period longer than one year. The average error for a meter tested shall be defined as one-half the algebraic sum of the error at full-rated flow plus the error at check flow.

Meter fails to register or registers intermittently. When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, the utility may charge for an estimated amount of gas used, which shall be calculated by averaging the amounts registered over corresponding periods in previous years or in the absence of such information, over similar periods of known accurate measurement preceding or subsequent thereto, but in no event shall such charge be for a period longer than one year.

Recalculation of bill. If the recalculated bills indicate that more than \$1 is due an existing customer or \$2 is due a person no longer a customer of the utility, 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 credit on a bill. Credits shall be shown separately and identified. If a refund is due a person no longer a customer of the utility, the utility 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 recalculated bills indicate that the amount due the utility exceeds \$10, the utility 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.

Failure to check faulty meter. If a customer has called to the utility's attention doubts as to the meter's accuracy and the utility has failed within a reasonable time to check it, there shall be no back billing for the period between the date of the customer's notification and the date the meter was checked.

Natural Gas Utility Billing Errors

Errors warranting remedy. When a customer has been overcharged or undercharged as a result of incorrect reading of the meter, incorrect application of

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 refunded to the customer or the amount of the undercharge may be billed to the customer as detailed below.

Remedy for overcharge. When a utility has overcharged a customer, the utility shall calculate the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, plus interest, for the period beginning three years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes, section 325E.02, paragraph (b). If the recalculated bills indicate that more than \$1 is due an existing customer or \$2 is due a person no longer a customer of the utility, 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 credit on a bill. Credits shall be shown separately and identified. If a refund is due a person no longer a customer of the utility, the utility 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.

Remedy for undercharge. When a utility has undercharged a customer, the utility shall calculate the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, for the period beginning one year before the date of discovery. If the recalculated bills indicate that the amount due the utility exceeds \$10, the utility may bill the customer for the amount due. But a utility must not bill for any undercharge incurred after the date of a customer inquiry or complaint if the utility failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge. The first billing rendered shall be separated from the regular bill and the charges explained in detail.

Exception if error date known. 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 years before the discovery of an overcharge or one year before the discovery of an undercharge.

Section 23

XV. PAYMENT OF BILLS

Due Date

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the Automated Bank Draft option may select a due date which is greater than five days before the next scheduled billing date.

Scheduled billing dates will not be less than twenty-five (25) days apart.

Late Payment Charge

Delinquent amounts are subject to a late payment charge of 1.5 percent (18 percent annually) or \$1.00, whichever is greater. . If unpaid balance is \$10 or less, no late payment charge will be applied.

"Delinquent amount" is the portion of a customer's account representing charges for gas service past due. For customers on the Budget Plan or a deferred payment schedule, "delinquent amount" is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date

Budget Billing Plans

Community Co-op of Lake Park shall offer customers a budget billing plan for payment of charges for service, including adequate notice to customers prior to changing budget payment amounts.

Payment Agreements

Community Co-ops of Lake Park shall offer payment agreements to residential customers for the payment of arrears. Payment agreements shall consider the customers financial circumstances and any extenuating circumstances of the household. No additional service deposit may be charged to continue service if the customer has entered and is reasonably on time under an accepted payment agreement.

Section 24

XVI. DISCONTINUANCE OR REFUSAL OF GAS SERVICE

Community Co-ops of Lake Park policies and procedures are consistent with Minnesota Rules 7820.1000 - 7820.3000 on Disconnection of Service.

Refusal or Discontinuance of Gas Service for Non-Payment

- 1) Community Co-ops of Lake Park, with notice, may refuse gas service under the following conditions:
 - a) To a customer who owes a past due and unpaid balance for utility service at a former address in the same class of service;
 - b) To an applicant requesting service to be implemented at an address where the current resident, who has accumulated a past due and unpaid balance, continues to reside.
 - c) To a customer who fails to meet the utility's deposit and credit requirements;
 - d) To a customer who fails to make proper application for service;
 - e) To a customer who fails to furnish such service, equipment, and/or rights-of-way necessary to serve the customer as shall have been specified by the utility as a condition of obtaining service.

Medically Necessary Equipment

Community Co-ops of Lake Park shall connect or continue service to a residential customer's residence where a medical emergency exists or where medical equipment requiring electricity necessary to sustain life is in use. Community Co-ops of Lake Park must receive from a medical doctor written certification, or initial certification by telephone and written certification within five business days, that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household. The customer must enter into a payment agreement.

Section 25

XVII. DISCONTINUANCE OR REFUSAL OF GAS SERVICE DURING COLD WEATHER

Scope

Section 25 applies only to Residential Customers of Community Co-ops of Lake Park.

Definitions

The following definitions apply in Section 25:

1. **Cold Weather Period** - means the period from October 15 thru April 15 of the following year.
2. **Customer** – means a residential customer of the utility.
3. **Disconnection** – means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.
4. **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.
5. **Reasonably timely payment** – means payment posted within five working days of agree upon due dates.
6. **Reconnection** – means the restoration of utility heating service after it has been disconnected.
7. **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 Minn. Stat. 216B.096, subd.5 and corresponding provisions in this Section28;
 - 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.
8. **Third Party notice** – means a Minnesota Public Utilities Commission-approved notice 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. Instruction on how to request the 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.

9. **Company** – means the Minnesota Operations of Community Co-ops of Lake Park.

10. **Utility Heating Service** – means natural gas used as a primary heating source for the customer's primary residence.

11. **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.

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.

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 minimum, the date of the scheduled disconnection, the amount due, and a Summary of Rights and Responsibilities.

Cold Weather Rule

During the cold weather period, Community Co-ops of Lake Park 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.

Verification of Income

In verifying a customer's household income, the Company may;

1. Accept the signed statement of a customer that the customer is income eligible;
2. Obtain income verification from a local energy assistance provider or a government agency; and
3. Consider one or more of the following;
 - a. The most recent income tax return filed by members of a customer's household;
 - b. 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 month;
 - c. Documentation that the customer receives a pension for the Department of Human Services, the Social Security Administration, the Veterans Administration, or other pension provider;
 - d. A letter showing the customers dismissal from a job or other documentation of unemployment; or
 - e. 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 the state median income is deemed to be automatically eligible for protection under this Section 25 and no other verification of income may be required.

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 as appealed to the Minnesota Public Utilities Commission pursuant to the subsection titled "Dispute; Customer Appeal" and Minn. Stat.216B.096.subd.8.

The Company may not disconnect service during the following periods:

1. During the pendency of any appeal under subsection titled "dispute; Customer Appeal" and Minn. Stat.216B.096,subd. 8.
2. 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 the subsection titled "Notice Before Disconnection During Cold Weather Period" and Minn. Stat.216B.096,subd.4. to a customer in an occupied dwelling;
3. Earlier than ten working days after Community Co-ops of Lake Park has deposited in first class main the notice required under the subsection titled 'Notice Before Disconnection During Cold Weather Period" and Minn. Stat. 216B.096,subd.4. to the recorded billing address of the customer, if Community Co-ops of Lake Park has reasonably determined from an onsite inspection that the dwelling is unoccupied.
4. On a Friday, unless the Company makes personal contact with, and offers a payment agreement consistent with this subsection to the customer;

5. On a Saturday, Sunday, holiday, or the day before a holiday;
6. When the Company offices are closed;
7. When no Company personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or
8. When the Minnesota Public Utilities Commission offices are closed.

The Company may not discontinue service until it 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 non-business hours. If personal contact is made, the Company representative must provide notice required under the subsection titled "Notice Before Disconnection During Cold Weather Period" and Minn.Stat.216B.096,subd.4 and, if the Company's representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement must be given.

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 Company are unable to agree on a payment agreement.

Dispute; Customer Appeal

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;

1. A company determination that the customer's household income is more than 50 percent of the state median household income; or
2. When the Company and the customer are unable to agree on the establishment or modification of a payment agreement.

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.

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;

1. 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
2. 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 the subsection titled 'Prohibitions and Requirements" does not apply to customers whose household income is above 50 percent of state median income.

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 re or remain disconnected reaches zero before the end of the cold weather period.

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

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 a Sunday, a report must be made available to the city of the address of properties currently disconnected and the date of disconnection. Upon written request from a city, between October 15 and April 15, daily reports must be made available of the address and date of any newly disconnected properties.

For the purpose of this subsection, 'disconnection' means a cessation of service initiated by the Company that affect the primary heat source of a residence and service is not reconnected within 24 hours.

Section 26

XVIII. RESPONSIBILITY OF THE CUSTOMER AND COMMUNITY CO-OPS OF LAKE PARK

Customer Responsibility

It shall be the customer's financial responsibility to furnish, install, operate, and keep in a safe condition all gas piping and gas burning equipment located or installed beyond the gas meter.

A customer shall immediately notify Community Co-ops of Lake Park of any suspected gas leaks or a faulty gas supply.

The customer shall reimburse Community Co-ops of Lake Park for any loss of or damage to Community Co-ops of Lake Park's property located on the premises when such loss or damage is not caused by any act or omission on the part of Community Co-ops.

Termination of Community Co-ops of Lake Park's Responsibility

Community Co-ops of Lake Park's responsibility for installation and maintenance of all gas piping and equipment shall terminate at the gas meter. Community Co-ops shall not be liable for any loss, injury, or damage occasioned or caused by the negligence or wrongful act of the customer or any of his agents, employees, or licensees in installing, maintaining, using, operating, or interfering with any gas piping or gas burning equipment.

Any inspection of the customer's piping or equipment by Community Co-ops shall not be construed to impose any liability upon Community Co-ops to the customer, or to any other person by reason thereof, and Community Co-ops shall not be liable or responsible for any loss, injury, or damage which may result from the use of, or defects in, the customer's gas piping or gas burning equipment.

Section 27

XIX. CUSTOMER SERVICE

General

The goal of Community Co-ops of Lake Park's customer service is to provide service necessary for the safety and welfare of our customers as it relates to the use of gas and gas appliances.

"No Surcharge" Service

Community Co-ops of Lake Park will provide "no Surcharge" service for all customers as follows:

- 1) Emergency service for the investigation of suspected leaks or other unsafe conditions in customers' or Community Co-ops of Lake Park's property
- 2) Maintenance of Community Co-ops of Lake Park-owned equipment of customers' premises including meters, regulators, or service lines.
- 3) Turn-on of gas meters for new customers.

"Charge" Service

Community Co-ops of Lake Park provides service for adjustment, repair, installation, or maintenance of appliances on a direct customer charge basis where the installation and equipment is approved by applicable codes and regulations, and where the equipment is reasonably accessible to service personnel and provisions have been made so that the health and safety of the service person will not be in jeopardy.

Section 28

XX. CUSTOMER REQUESTED UTILITY WORK

This section details the costs for utility work requested by customers to be performed by Community Co-ops of Lake Park at a charge to the customer.

- Customer Requested work requires a signed application form and payment prior to commencement of work.
- If the alteration will result in additional sales, Community Co-ops of Lake Park will calculate the alteration charge with consideration of the estimated incremental revenues resulting from the change.
- Any other customer or contractor requested utility work that is not listed in parts 15.01, 15.02, or 15.03 will be completed at the customer's or contractor's expense. The charge will be determined individually by Community Co-ops based upon the estimated cost of time and material to be incurred, with a minimum charge of \$75.00.

Winter Construction

Between November 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company to complete installation during normal construction were not met 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, such work may be subject to a winter construction charge when winter conditions exist.

Winter conditions include six or more inches of frost, snow removal or plowing is required to install service, or burner(s) must be set at the main or underground facilities in order to install for the entire length of service or gas main installed. Winter construction will not be undertaken by Community Co-ops of Lake Park where prohibited by law or where it is not practical or prudent to install gas service pipe during the winter season, including but not limited to roadway crossings prohibited by local permitting authorities or construction equipment limitations due to winter conditions.

Frost Burner (each unit per day) \$240.00

Additional Charges for New Construction under winter conditions:

Gas Main \$4.00 per foot

Residential Service Line \$6.00 per foot

Commercial Service Line \$9.00 per foot