

September 14, 2016

Via Electronic Filing

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: Petition of Dooley's Natural Gas II, LLC for Exemption for Small Gas Utility Franchise, Docket No. G____/M-16-_____

Dear Mr. Wolf:

Pursuant to Minn. Stat. § 216B.16, subd. 12, Dooley's Natural Gas II, LLC ("DNG II") submits a Petition for Exemption for Small Gas Utility Franchise to the Minnesota Public Utilities Commission ("Commission"). Through its Petition, DNG II respectfully requests that the Commission confirm DNG II's exemption as a small gas utility franchise from the requirements of Minn. Stat. § 216B.16 for service provided within the borders of the Cities of Belgrade and Broton, Minnesota and incidental service to surrounding rural areas outside those municipalities as identified herein.

I. BACKGROUND

DNG II is a Minnesota limited liability company, with its principal places of business located at PO Box 100, Murdock, MN 56271. DNG II is a privately held business formed to develop a natural gas distribution system to provide natural gas service to a rural area in west-central Minnesota throughout Minnesota. DNG II shares common ownership with Dooley's Natural Gas, LLC ("DNG"), which was granted an Exemption for Small Gas Utility Franchise in Docket No. G6915/M-13-672 by Order dated January 7, 2014.¹

As the Commission is aware, DNG was formed to develop a natural gas distribution system to provide natural gas service to several municipalities in west-central Minnesota.² Prior to DNG's development of the natural gas system, propane was the primary fuel for industrial, agricultural, commercial, and residential uses in these municipalities. The low cost of natural

¹ See *In the Matter of the Petition of Dooley's Natural Gas LLC for Exemption for Small Gas Utility*, Order Granting Small Gas Utility Franchise Exemption Under Minn. Stat. § 216B.16, subd. 12 (Jan. 14, 2014).

² These initial municipalities included Clara City, Maynard, Raymond, Prinsburg, and Blomkest.

gas and increasing price differential between propane and natural gas led DNG to establish a distribution system to provide service to un-served customers within these municipalities and surrounding areas.

Following the Commission's January 7, 2014 Order, DNG began exploring opportunities to establish a second related gas distribution system to provide natural gas service to the Cities of Belgrade and Brooten, Minnesota and the surrounding rural areas. Like the areas DNG now serves, propane was the primary fuel for industrial, agricultural, commercial, and residential uses in Cities of Belgrade and Brooten and the surrounding rural areas.

As a result, in late 2014, DNG II was formed to establish a distribution system to provide service to un-served customers within these municipalities and surrounding areas. As part of such efforts, DNG II worked closely with the Cities and local agricultural interests to develop the system with the understanding that it would be regulated by the municipalities under Minnesota's statutory exemption for small gas utility franchises. Belgrade and Brooten have each granted DNG II a non-exclusive franchise to supply natural gas to customers in each municipality.³ In addition, both municipalities have passed resolutions supporting an exemption from the requirements of Minn. Stat. § 216B.16 and confirming that DNG II would serve fewer than 650 customers within each municipality.⁴

In the present case, while DNG and DNG II are separate legal entities, they share common ownership. DNG and DNG II are cognizant of their obligation to inform the Commission should DNG and DNG II's combined customer base expand beyond the 5,000 customer threshold.⁵ Importantly, however, at no point will DNG and DNG II collectively serve more than 5000 customers total (nor have the distribution systems been developed to serve more than 5000 customers).

In particular, DNG currently serves 1,327 customers. Since completing construction of the DNG II system, DNG II has started to provide natural gas distribution service to approximately 211 customers, including 16 customers that are located outside the borders of Belgrade and Brooten. As discussed below, granting any required exemption will accommodate requests for natural gas service in the surrounding rural communities and lower costs for all existing and future customers on the DNG II system.

³ DNG II began providing service to the municipalities in November 2015.

⁴ Copies of the franchise agreements and resolutions are appended to this Petition as Attachment A. The resolutions were also filed with the Commission and docketed in Docket No. G6915/M-13-672.

⁵ In the 2016 legislative session, the threshold was increased from 2,000 to 5,000 customers. See 2016 Minn. Sess. Laws, Ch. 189, Art. 6, § 4 at <https://www.revisor.mn.gov/laws/?id=189&year=2016&type=0#laws.6.4.0>.

II. DISCUSSION

A. Confirmation of Exemption for Service Within the Municipalities.

In relevant part, Minn. Stat. § 216B.16, subd. 12(a), provides:

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 5,000 customers.

As noted above, Belgrade and Brooten have each requested an exemption related to the provision of natural gas service by DNG II in these communities. In addition, DNG II serves less than 650 customers in each municipality and less than 2000 total customers even when combined with the number of customers served by DNG. As noted in Minn. Stat. § 216B.16, subd. 12(b), “[t]he 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.” DNG II respectfully requests that the Commission confirm DNG II’s exemption.

B. Exemption for Service Outside Municipalities’ Borders.

Minn. Stat. § 216B.16, subd. 12(b) provides that “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.” To the extent required, DNG II also seeks an exemption from Commission rate-regulation based on a finding from the Commission that DNG II’s existing and future service to the surrounding rural areas and townships is incidental to its small gas utility franchise service to Belgrade and Brooten.

Attachment B to this Petition is a map of DNG II’s natural gas distribution system, depicting what may be referred to as its natural (though non-exclusive) service territory. This service area is largely rural and sparsely populated. In addition to the cities of Belgrade and Brooten, included within the natural service territory are rural parts of Stearns, Kandiyohi and Meeker Counties.⁶ DNG II is committed to providing safe and reliable natural gas service to customers in these areas that elect to take such service.

Before DNG II’s development of its gas distribution system, natural gas was not available to businesses and residences in the depicted “service territory.” DNG II believes that service to the rural areas and townships surrounding Belgrade and Brooten is incidental to its franchised service to those municipalities and would fill a currently unmet need and assist economic development in the area. Furthermore, 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

⁶ The townships in the service territory include Hawick, Regal and Grove City, though DNG II does not provide service within the towns at this point.

structure” that was developed in connection with DNG's initial distribution system and has been adopted by Belgrade and Brooten with their acceptance of the rates, terms and conditions set forth in the Rates/Service & Regulations Book (“Rate Book”). The Rate Book is appended as Attachment.

When establishing the distribution system, DNG II pursued a single-system rate structure based on system-wide costs modeled after the rate structure adopted for DNG. Under the single-system rate structure, the same rate for distribution service was to apply to natural gas service provided to all customers within a specific rate class. To facilitate the “one system rate structure,” DNG developed its Rate Book that would apply to service anywhere on the DNG II system. The DNG II Rate Book was modeled after DNG’s Rate Book and includes rates and applicable terms and conditions for service, including DNG II’s adoption of the Commission's policies and procedures governing disconnection during cold weather as required by Minn. Stat. § 216B.16, subd. 12(c).⁷ The Cities of Brooten and Belgrade approved the Rate Book as the initial governing rate structure and terms and conditions of service to customers outside of these municipalities' borders.⁸ DNG II and the Cities intend to evaluate the rates and rate development methodology after the system has been operating for a time and more data is available with input from local agriculture interests.

In addition to lowering costs to customers and fulfilling an unmet demand for natural gas service, granting any required exemption to permit DNG II to provide incidental natural gas service outside Belgrade and Brooten avoids the potential for a dual-regulatory regime where Belgrade and Brooten would set rates for one set of DNG II customers, while presumably the Commission exercises rate jurisdiction over a very small subset of customers outside those municipalities – currently 16 customers. Furthermore, in coordinating with local agricultural interests, such interests understood that service would still be unavailable but for the small gas utility exemption and its application to surrounding rural areas.

Not only would it be nearly impossible to establish separate rates given the common infrastructure and two separate rate authorities, it would be inefficient and raise costs to all customers (including the costs of compliance). As noted above, DNG II worked with Belgrade, Brooten and local agricultural interests to develop a small gas utility franchise that would be regulated by the communities it serves and respectfully requests that the Commission confirm its statutory exemption.

⁷ In addition, the Rate Book reflects DNG II’s compliance with Minn. Stat. §§ 216B.0976 (Notice to Cities of Utility Disconnection), and 216B.098 (Residential Customer Protections).

⁸ Appended as Attachment D is the Cities’ approval of the Rate Book.

III. CONCLUSION

For the foregoing reasons, DNG II respectfully requests that the Commission (1) confirm its exemption as small gas utility franchise from the requirements of Minn. Stat. § 216B.16 for service provided within the borders of Belgrade and Brooten, Minnesota; and (2) to the extent necessary, grant it an exemption for incidental natural gas distribution service DNG II provides outside of the borders of Belgrade and Brooten.

Dated: September 14, 2016

Respectfully submitted,

Randy Dooley, President
Dooley's Natural Gas II, LLC
P.O. Box 100
Murdock, MN 56271

/s/ **Brian M. Meloy**

Brian M. Meloy (#0287209)
STINSON LEONARD STREET LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402
Telephone: 612-335-1451
Email: brian.meloy@stinson.com

ATTACHMENT A

**Brooten and Belgrade
Franchise Agreements and Resolutions**



City of Belgrade

417 Washburn Ave. ♦ P.O. Box 296 ♦ Belgrade, MN 56312-0296

City Office Phone 320.254.8220 ♦ Fax 320.254.3605

For TTY/TDD users 1.800.627.3529 or 711 Minnesota Relay Service

June 20, 2016 *The City of Belgrade is an Equal Opportunity Provider and Employer*

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: Resolution of City of Belgrade, Minnesota Approving Exemption from PUC Regulation

Dear Mr. Wolf:

Enclosed please find a copy of the Resolution of the City of Belgrade, Minnesota agreeing to the "under 650 customer exemption" the Minnesota Public Utilities Commission's regulation of Dooley's Natural Gas II, LLC ("DNG II") as allowed in Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12.

By action on November 1, 2015, the City granted a franchise to DNG II for the delivery of natural gas to customers in the City. The number of DNG II customers in the City will be approximately 225. Based on current City population, the maximum number of customers Dooley's could serve could not exceed 650.

Accordingly, the City hereby files this resolution requesting the Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12 exemptions from Commission regulation of DNG II reserving all rights under chapter 216B and other law applicable regarding DNG II's natural gas operations within the City.

Please contact our City Office if you have any questions or if any further filing is necessary for the requested regulatory exemption.

Very truly yours,

Robert White
Mayor

CITY OF BELGRADE, MINNESOTA

RESOLUTION 2016-06

**RESOLUTION SEEKING EXEMPTION FROM RATE REGULATION BY THE
MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC) FOR NATURAL GAS AS
PERMITTED UNDER MINNESOTA STATUTES, CHAPTER 216B**

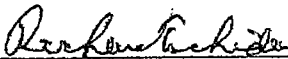
WHEREAS, Dooley's Natural Gas II, LLC ("DNG II") has been granted a franchise under City Ordinance to install a system of pipelines and to operate a natural gas utility service for the benefit of public and private customers within the City; and

WHEREAS, the provisions of Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12 provide that the rate regulation provisions of Chapter 216B shall not apply to an approved franchisee of natural gas if a resolution of the City Council requesting exemption is filed with the Minnesota Public Utilities Commission ("Commission"); and

WHEREAS, the City finds that DNG II could better serve the citizens and businesses of the City if exempted from the rate regulation provisions of Minnesota Statutes Chapter 216B; and

WHEREAS, the City has agreed to communicate to the Commission its consent to DNG II's exemption from Commission regulation under Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12.

NOW THEREFORE, BE IT RESOLVED by the City of Belgrade, that it hereby requests of the Commission that DNG II be exempted from the rate setting provisions of Minnesota Statutes Chapter 216B as above with regards to its installation and providing of natural gas services to the citizens and businesses of Belgrade.


MAYOR


CITY CLERK-TREASURER

CITY OF BELGRADE, STEARNS COUNTY, MINNESOTA

ORDINANCE NO. 2015-01

AN ORDINANCE GRANTING DOOLEY'S NATURAL GAS II, LLC, A MINNESOTA LIMITED LIABILITY COMPANY, ITS PERMITTED SUCCESSORS AND ASSIGNS, A NONEXCLUSIVE FRANCHISE TO CONSTRUCT, OPERATE, AND MAINTAIN FACILITIES AND EQUIPMENT FOR THE TRANSPORTATION, DISTRIBUTION, AND SALE OF GAS ENERGY FOR PUBLIC AND PRIVATE USE AND TO USE THE PUBLIC WAYS AND PUBLIC GROUND OF THE CITY OF BELGRADE, MINNESOTA, FOR SUCH PURPOSE; AND PRESCRIBING CERTAIN TERMS AND CONDITIONS THEREOF.

THE CITY COUNCIL OF THE CITY OF BELGRADE, STEARNS COUNTY, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS

For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

City. The City of Belgrade, Stearns County, State of Minnesota.

City Utility System. Facilities used for providing public utility service owned or operated by City or agency thereof, including sewer, storm sewer, water service, street lighting and traffic signals, but excluding facilities for providing heating, lighting, or other forms of energy.

Commission. The City Council as vested with authority over rates and services of the Company pursuant to this Franchise, Minnesota Statutes, Section 216B.04, subd. 4 and other governing law or, alternatively, if the City becomes a member of a joint board formed to regulate rates and services of the Company in the City and in the surrounding area. The Commission will be whichever of the two forms the City chooses to employ, in its sole discretion, to regulate rates and services in the City. A separate Commission appointed by the City Council shall hear all rate, services and other matters under this Franchise and make recommendations to the City Council, which shall have final authority on all matters.

Company. Dooley's Natural Gas II LLC, a Minnesota limited liability company, its successors and assigns permitted by the City including all successors or assigns that own or operate any part or parts of the Gas Facilities subject to this Franchise or Ordinance. This Ordinance granting the Franchise to the Company to provide retail natural gas service to customers in the City under the terms and conditions herein.

Franchise Administrator. The City official designated by the City Council who shall be responsible for administration of the Franchise.

Gas Facilities or System. Gas transmission and distribution pipes, lines, ducts, fixtures, and all necessary equipment and appurtenances owned or operated by the Company for the

purpose of providing natural gas for public or private use in the City.

Notice. A writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Dooley's Natural Gas II LLC, PO Box 100, Murdock MN. 56271, Attention Randy Dooley. Notice to the City shall be mailed to ____, City of Belgrade, Belgrade City Hall, 417 Washburn Avenue, PO Box 296 Belgrade, MN 56312. Either party may change its respective representative and address for the purpose of this Ordinance by Notice to the other party.

Operation Date. November 1, 2015, or other date approved by the Commission for the commencement of System operations to customers within the City at Commission-approved natural gas rates.

Public Ground. All real property for common use by the public that is owned by, controlled by, or dedicated to the City, for open space or similar purposes.

Public Way. The area on, below, or above a public roadway, highway, street, alley, cartway, bicycle lane, walkway, public sidewalk, or other public right-of-way, or other dedicated right-of-way for travel purposes and utility easements.

SECTION 2. ADOPTION OF FRANCHISE

2.1. Statement of City Intent. This Ordinance is adopted by the Legislative authority granted to the City under applicable law. The City intends to exercise and reserve its full rights under the law while granting a non-exclusive Franchise to the Company to design, construct, install, operate and maintain a System for gas customers in the City, beginning on the Operation Date. This Ordinance requires the Company to make all reasonable efforts to achieve commencement of System operations to customers within the City at Commission-approved natural gas rates by the Operation Date while maintaining all safety and System quality standards required by law.

2.2 Grant and Acceptance of Franchise. City hereby grants Company, for a period of twenty (20) years from the date this Ordinance is passed and approved by the City, the nonexclusive right to transport, distribute and sell gas for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future. This right includes the provision of Gas that is (i) manufactured by the Company or its affiliates and delivered by the Company, (ii) purchased and delivered by the Company or (iii) purchased from another source by the retail customer and delivered by the Company. For these purposes, Company may construct, operate, repair and maintain Gas Facilities in, on, over, under and across the Public Ways and Public Grounds, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject however, to such lawful regulations as may be adopted by separate ordinance.

2.3. City Police Powers and Revocation Rights. The Company's rights are subject to the police powers of the City to adopt and enforce ordinances necessary to the health, safety and welfare of the public. The Company shall comply with all applicable general laws and ordinances enacted by the City pursuant to that power. The Franchise granted hereby is subject to revocation

by the City under the Terms of this Ordinance.

2.4. Effective Date; Written Acceptance. This Franchise shall be in force and effect from and after its passage of this Ordinance and publication as required by law and its acceptance by Company. If Company does not file a written acceptance with the City within sixty (60) days after the date the City Council adopts this Ordinance and unless the City extends the time to accept or takes other action, the Franchise will be deemed to have been automatically revoked and this Ordinance will be repealed. Upon acceptance by the Company, the Company agrees to comply with this Ordinance.

2.5. Service and Gas Rates. The services to be provided and the rates to be charged by Company for gas service in the City are subject to the jurisdiction of the Commission, other terms of this Franchise and all other applicable laws. This Franchise is adopted concurrently with a filing by the City with the Minnesota Public Utilities Commission ("MPUC") consenting to Company exemption from MPUC regulation under Minnesota Statutes, Sections 216B.02 subd. 4 and 216B.16 subd. 12. Notwithstanding said filing, the City expressly reserves its right at any time during the term of this Franchise to request MPUC rate and service regulation of the Company.

2.6. Publication Expense. Company shall pay the expense of publication of this Ordinance.

2.7. Dispute Resolution. If either party asserts that the other party is in default in the performance of any obligation hereunder or is otherwise in breach of the Franchise, the complaining party shall notify the other party in writing of the default and the desired remedy. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within thirty (30) days of the Notice, the parties may mediate by jointly selecting a mediator to facilitate further discussion. The parties will equally share the fees and expenses of the mediator. If either party objects to use of a mediator or a mutually acceptable mediator cannot be obtained, either party may commence an action in Stearns County District Court to interpret and enforce this Franchise and/or seek such other relief as permitted by law or equity.

SECTION 3. CONSTRUCTION AND INSTALLATION OF SYSTEM

3.1. Plans and Specifications.

A. **Pre-Construction Meeting.** At least thirty (30) days prior to commencing construction of the System in the Public Way or Public Ground, the Company shall participate in a pre-construction meeting(s) with the City Engineer to review the Company's (or its contractor's) plan for constructing the System within the City. Five (5) days prior to the pre-construction meeting, the Company or its contractor shall provide to the City and the City Engineer (1) a map showing the location of the proposed facilities; and (2) a proposed Construction schedule addressing impacts on traffic due to the planned construction activities.

B. **Notice to Proceed.** Within ten (10) days after the pre-construction meeting,

the City Engineer shall authorize the Company (and its contractor) to proceed with construction in accordance with the "Final Construction Plan" or indicate what requirements the City has before the City will issue a Notice to Proceed and construction on the System within the City can commence.

C. **Monitoring and Notifications.** Company shall keep the City Engineer informed of progress made in implementing the System within the City and shall notify the City Engineer in advance of any planned deviations from the Final Construction Plan. The City Engineer shall have the right at all times to inspect the work being performed by the Company or its contractor to ensure that such work is being performed in accordance with the Final Construction Plan and applicable permits.

D. **Resolution of Disputes.** The City and Company agree to use their best efforts to resolve all engineering/construction issues to the mutual satisfaction of both parties. Under no circumstances, however, shall the City be obliged or required to revise, amend, modify or waive any of the codes, ordinances, rules or regulations of the City.

3.2. Permits.

A. **Obligation to Obtain Permits.** The Company shall, before commencing construction of the System as approved by the City Engineer, obtain all permits from the City necessary for such construction. The City shall endeavor to issue a single permit authorizing construction of the System with the City upon receiving plans and specifications sufficiently detailed to demonstrate to the City that the System will be constructed in accordance with all applicable codes and ordinances, including but not limited to Minnesota Office of Pipeline Safety ("MNOPS") requirements.

B. **Construction in Accordance with Permits.** The Company shall construct the System in accordance with all permits issued and all applicable codes, rules and regulations of all governmental authorities. The Company shall, as diligently as practicable but in no event later than thirty (30) days after delivery of a violation notice by the City, correct such violation. Notwithstanding the foregoing, if the violation constitutes a potential threat to the public, the Company shall correct the violation immediately.

C. **Construction On and In Public Ways.**

1. **Minimal Interference.** All work performed on, in, under, across or along the Public Ways shall be conducted so as to minimize any unreasonable interference with the rights and convenience of the general public, including traffic flow. Company shall, at all times while performing work in the Public Ways, (a) employ reasonable care to protect the health and safety of the public; and (b) operate in accordance with the traffic control plan as approved by the City Engineer.

2. **Barricades.** The Company shall use suitable barricades, flags, lights, flares or other protective devices at such times and places as are required by

its traffic control plan, all applicable ordinances, codes, rules and regulations and at such additional times and places, as determined by the City in its sole judgment and discretion, as are required for the safety of all members of the general public, so as to prevent injury to any person or vehicle by reason of any work being performed under this Ordinance.

D. Excavation Work and Time Periods.

1. Prior Notification. The Company shall notify the City at least seventy-two (72) hours prior to any excavation in the Public Way. The Company shall provide notice to the owners of private property abutting the proposed excavation by posting a notice of such excavation, at least seventy-two (72) hours prior to any excavation in the Public Way, with a telephone number of the Company's representative whom the private property owner may contact for information regarding the excavation. Nothing herein shall be construed as preventing the Company from making immediate repairs to any damage caused to any Gas Facilities; provided that the Company shall notify the City Engineer as promptly as practicable before such repair work or if in an emergency, as soon thereafter as practicable.

2. Excavation Plans. No excavation in the Public Way shall be conducted more than twenty-four (24) hours prior to the installation therein of any facilities.

3. Excavations in Lawns and Parkways. All excavations in lawns or grassy parkways shall be immediately back-filled, tamped and restored with seed or sod in accordance with the applicable provisions of this Ordinance.

E. General Construction Standard. All work performed on the System shall be performed in a good and workmanlike manner using materials of good and durable quality. If at any time it is determined by the City in its reasonable judgment that any part of the System, including, without limitation, any means used to distribute natural gas over or within the System, is harmful to the health or safety of any person, then the Company shall, at its sole cost and expense, promptly correct all such conditions to the satisfaction of the City.

F. "As-Built" Plans. The Company shall furnish to the City a complete set of all "as-built" plans for the Systems as originally constructed and for all reconstruction, repair, relocation and other work performed thereon within sixty (60) days after completion of such work. Notwithstanding the foregoing, the Company shall not be required to provide "as-built" plans for routine maintenance work performed.

G. City Right of Inspection. The City shall have the right to inspect the construction site to ensure compliance with this Ordinance and all applicable codes, laws, ordinances, rules, regulations and permits.

H. **Nonexclusive Use.** The Company's right to use and occupy the Public Ways or Public Ground shall not be exclusive. The City hereby reserves the right to grant any right or use of such Public Ways to any person at any time during the period of the Franchise and any renewal or extension thereof, provided that such grant does not obstruct, injure or prevent the use and operation of the System or any Facilities.

I. **City Utilities.** The City hereby retains the right to lay and permit to be laid, City Utility System facilities in the Public Way during installation of the System and throughout the term of the Franchise pursuant to City police power; to change any curb or sidewalk or the grade or dimension of any street; and to do and to permit to be done any other work as the City shall deem necessary or proper in its sole judgment and discretion. All such work shall be done, insofar as practicable, in such manner as not to obstruct, injure or prevent the free use and operation of Gas Facilities. If Gas Facilities shall interfere with the construction or repair of any Public Way, Public Ground or public improvement therein, Company shall, at its sole cost and expense, commence and diligently prosecute to completion, the relocation, removal or replacement of such Facilities, within ninety (90) days after the delivery of such notice by the City. Such work shall be performed as reasonably directed by the City. In the event the Gas Facilities must be so relocated, the City Engineer shall cooperate with the Company in identifying alternative locations for the relocated facilities.

SECTION 4. LOCATION; OPERATIONAL REGULATIONS

4.1. Location of Facilities. Gas Facilities shall be located, constructed, and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt the operation of any City Utility System. Gas Facilities may be located on or in Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance, location and relocation of Gas Facilities shall be subject to other reasonable regulations of the City consistent with authority granted to the City to manage its Public Ways and Public Grounds under state law, and to the extent not inconsistent with a specific term of this Franchise.

4.2. Public Ground, Public Way Openings. Company shall not open or disturb the surface of any Public Way or Public Ground for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee. Company may, however, open and disturb the surface of any Public Way or Public Ground without a permit if (i) an emergency exists requiring the immediate repair of Gas Facilities and (ii) Company gives telephone, email or similar notice to the City before commencement of the emergency repair, if reasonably possible. Within two (2) business days after commencing the repair, Company shall apply for any required permits and pay any required fees.

4.3. Restoration. After undertaking any work requiring the opening of any Public Way, the Company shall restore the Public Way in accordance with Minnesota Rules, Part 7819.1100 and applicable City ordinances. Company shall restore the Public Ground to a condition as good as formerly existed, and shall maintain the surface in good condition for six (6)

months thereafter. All work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground in the said condition, the City shall have the right, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, to make the restoration of the Public Ground at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City. This remedy shall be in addition to any other remedy available to the City for noncompliance with this Section 34.3.

4.4. Avoid Damage to Gas Facilities. The Company must take reasonable measures to prevent the Gas Facilities from causing damage to persons or property. The Company must take reasonable measures to protect the Gas Facilities from damage that could be inflicted on the Gas Facilities by persons, property, or the elements. The Company must take protective measures when the City performs work near the Gas Facilities, if given reasonable notice by the City of such work prior to its commencement.

4.5. Notice of Improvements to Streets. The City will give Company reasonable Notice of plans for improvements to Public Ways where the City has reason to believe that Gas Facilities may affect or be affected by the improvement. The Notice shall contain: (i) the nature and character of the improvements, (ii) the Public Ways upon which the improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Way is involved, the order in which the work is to proceed. The Notice will be given to Company a sufficient length of time, considering seasonal working conditions, in advance of the actual commencement of the work to permit Company to make any additions, alterations or repairs to its Gas Facilities the Company deems necessary.

4.6. Mapping Information. The Company shall comply with the requirements of Minnesota Rules, Parts 7819.4000 and 7819.4100. If and when the City implements land base data, the Company shall promptly provide all Gas Facilities location information requested by the City.

4.7. Relocation in Public Ways and Public Grounds. The Company shall comply with Minnesota Rules, Part 7819.3100 and applicable City ordinances consistent with law.

4.8. Office of Pipeline Safety Standards. The Company shall comply with all rules and standards of MNOPS applicable to any aspect of the Company's design, system interconnection, construction, installation, operation, maintenance, repair or replacement of its Gas Facilities. The Company shall work cooperatively with MNOPS representatives in the construction of the System and concurrently copy the City on all written communications to and from MNOPS pursuant to Notice in Section 1 above.

4.9. Minnesota Rules, Chapter 7819. Unless otherwise modified in this Franchise, the Company shall comply with all rules in Minnesota Rules, Chapter 7819 applicable to gas utilities.

SECTION 5. SERVICES AND RATES

5.1. Commission Governance. Unless expressly stated otherwise in this Franchise or transferred to the MPUC by action taken pursuant to Section 2.5 above, the Commission shall govern all matters relating to Company rates and services in the City.

5.2. Customer Service. The Commission and the Company agree to work together in good faith in adopting other standards the Commission determines to be necessary for the protection of natural gas customers within the City.

5.3. Rate Regulation.

A. **Rate Filing.** Not less than ninety (90) days prior to the Operation Date, Company shall submit with the City an initial filing of proposed rates and supporting documentation therefor. The Commission shall have ninety (90) days to act on the Company proposal, unless the Commission needs additional time to determine whether the proposed rates are reasonable. The Commission shall provide the opportunity for customer comment on the rate proposal. If the Commission does not act within ninety (90) days of the Company's Filing, the Company's proposed rates shall go into effect until such time as the Commission acts on the rate proposal, after which the Commission approved rates will go into effect. All rates charged customers in the City shall be adopted by separate ordinance, as approved by the Commission; provided, however, that the cost of the natural gas commodity, including any up-stream interstate pipeline charges (*i.e.*, demand costs), shall be a direct pass-through to natural gas customers by the Company without mark-up.

B. **Commission Review.** The Commission may retain consultants necessary to review the Company proposal and require the Company to reimburse the Commission for its reasonable consultant costs incurred in the review of rate, or service, matters raised by the Company. The Commission shall require the Company to provide all information reasonably necessary to evaluate proposed rates. The Commission may approve, approve as modified, or reject the Company's rate proposal taking into consideration the need to establish just and reasonable rates for natural gas customers in the City and provide the Company with an opportunity to earn a reasonable return on its investment. Upon Commission approval, such rates shall remain in effect until the next Company rate proposal. Upon Commission approval, any change in rates shall be in the form of a separate ordinance superseding the previous rate ordinance. The Commission shall have the right to initiate an investigation of Company rates at any time if a reasonable basis exists to believe that rates may be substantially reduced due to changes in the cost of service since the previous rate petition or inaccuracy of information previously provided by the Company, or for any reason giving the Commission cause to believe the Company is earning substantially more than a reasonable rate of return.

SECTION 6. INDEMNIFICATION; SECURITY FUND; INSURANCE

6.1. Indemnity of City. Company shall indemnify and hold the City harmless from any and all liability, on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Gas Facilities located in the Public Ways and Public Grounds. The City shall not be indemnified for losses or claims occasioned through its own negligence except that the Company shall indemnify

and defend the City for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work.

6.2. Defense of City. In the event that the Company must indemnify the City against a claim, the Company at its sole cost and expense shall defend the City against such claim if the City provides written Notice to the Company within a reasonable period wherein Company is not prejudiced by the lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, including selection of defense counsel. Company agrees, however, to consult in good faith with the City as to who will defend such claim. Company may not settle such claim without the consent of the City, which consent shall not be unreasonably withheld. This section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City. The Company, in defending any claim on behalf of the City, shall be entitled to assert every defense or immunity that the City could assert in its own behalf.

6.3. Company and System Contractor Liability Insurance.

A. General Liability. Company shall maintain, throughout the term of the Franchise, commercial general liability insurance insuring both the Company and the City, and its employees, officers, boards, commissions, elected and appointed officials, agents and employees, in the minimum amounts of:

- (a) \$2,000,000 for bodily injury or death to each Person;
- (b) \$2,000,000 for property damage resulting from any one accident; and
- (c) \$1,000,000 for all other types of liability.

B. Automobile. The Company shall maintain in its own name automobile liability insurance with a limit of \$2,000,000 for each person and \$2,000,000 for each accident for property damage with respect to owned and not-owned automobiles for the operations of which the Company is responsible.

C. Worker's Compensation. The Company shall also maintain Worker's compensation Insurance within the statutory limits and Employer's Liability Insurance with not less than \$1,000,000 coverage.

D. Hazard. By reason of Company's right to use or work in the Public Ways and Public Grounds, the Company's insurance shall cover comprehensive form, premises-operations, explosions and collapse hazard, underground hazard and products completed hazard in the minimum amount of \$2,000,000, or whatever limits are permitted by the State of Minnesota for bodily injury and property damage combined of this Ordinance.

E. Evidence of Insurance Policies. Within thirty (30) days of the effective date of this Ordinance or within fifteen (15) days of the Company's written acceptance of the Franchise pursuant to Section 2.4 of this Agreement whichever is later, the Company shall furnish proof to the City that the foregoing insurance policies have been obtained, along with written evidence of payment of required premiums, in the form of a certificate

of insurance.

F. **Maintenance of Insurance Policies.** The liability insurance policies required by this Section shall be maintained by the Company throughout the term of Franchise and such other period of time during which the Company operates or is engaged in the removal of the System as subject to City inspection and approval. Each such insurance policy shall contain the following endorsement:

It is hereby understood and agreed that this policy may not be canceled nor the intention not to renew be stated until 90 days after receipt by the City of Notice of such intent to cancel or not to renew.

Within 60 days after receipt by the City of said notice, and in no event later than 30 days prior to said cancellation, the Company shall obtain and furnish to the City replacement insurance policies in a form acceptable to the City.

G. **Alteration of Minimum Limitations.** The City may increase the minimum limitation(s) of the insurance policy or policies required in this section by a percentage not to exceed the greater of the percentage increase in the Consumer Price Index as of the effective date or increases due to legislative changes to municipal tort liability limits under Minnesota Statutes chapter 466, which limits the City does not waive hereby.

H. **No Limit of Liability.** The legal liability of the Company to the City and any person for any of the matters that are the subject of the insurance policies required by this Section, shall not be limited by said insurance policies or by the recovery of any amounts thereunder.

SECTION 7. REVOCATION OF FRANCHISE; SALE, ABANDONMENT AND TRANSFER

7.1. **City's Right to Revoke.** In addition to all other rights which City has pursuant to law or equity, City reserves the right to commence proceedings to revoke, terminate or cancel this Franchise subject to the procedures set forth in Section 7.2, and all rights and privileges pertaining thereto, if the Commission determines City that:

- A. Company has violated a material provisions(s) of this Franchise; or
- B. Company has attempted to evade any of the material provisions of the Franchise; or
- C. Company has practiced fraud or deceit upon City; or
- D. The Company fails to provide continuous natural gas service for any reason within its reasonable control, specifically including but not limited to Company insolvency or other circumstance, other than excused by force majeure, that render the Company unable to provide service to customers in the City.

7.2. Procedures for Revocation.

A. The Commission shall provide Company with Notice of a cause for revocation and the intent to revoke and shall allow Company thirty (30) days subsequent to receipt of the Notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. In the Notice required therein, Commission shall provide Company with the basis of the revocation.

B. Company shall be provided the right to a public hearing affording due process before the Commission prior to the effective date of revocation, which public hearing shall follow in the event the Company does not correct the violation or to provide adequate assurance of performance in compliance with the Franchise within thirty (30) days of the Notice provided in paragraph (A) above. Commission shall provide Company with Notice of its decision together with written findings of fact supplementing said decision.

C. After the public hearing and upon Notice of the determination by Commission to revoke the Franchise Company may appeal said decision with an appropriate state or federal court or agency.

D. During the appeal period, the Franchise shall remain in full force and effect unless the term thereof sooner expires or unless continuation of the Franchise would endanger the health, safety and welfare of any person or the public.

7.3. Abandonment or Failure of Service.

A. Company may not abandon the System or any portion thereof without having first given three (3) months' Notice to City. Company may not abandon the System or any portion thereof without compensating City for damages resulting from the abandonment.

B. Unless service is discontinued for cause, if Company fails to provide continuous gas utility service to any group of customers, for any reason within Company's reasonable control, including but not limited to insolvency or due to a dispute with its gas source(s) or gas transporters, that the Commission deems to be a failure of service, the Company hereby agrees that the City and affected customers may be irreparably harmed and that the City may take emergency action, as necessary, in any court or administrative agency of competent jurisdiction. In that event, Company shall cooperate and do all things within its control to restore service or allow the City to step-in or retain third parties to step-in to restore safe and reliable service to the affected customers.

7.4. Facilities Removal After Abandonment, Termination. In the event of termination of the Franchise or abandonment of the Gas Facilities or System, the Commission shall have the right to require Company to discontinue providing service to natural gas customers within the City (or a portion thereof) and to take all steps reasonably necessary to maintain the

safety and integrity of the existing System after service is discontinued or abandoned.

7.5. Sale or Transfer of Franchise.

Neither party may assign this Franchise without the prior approval of the other party, which will not be unreasonably withheld. Notwithstanding the foregoing, if the Company merges with, is acquired by, or acquires another company, it reserves the right to assign this franchise.

SECTION 8. VACATION OF PUBLIC WAYS

The City shall give Company at least two (2) weeks prior Notice of a proposed vacation of a Public Way. The City and the Company shall comply with Minnesota Rules, Part 7819.3200 and applicable ordinances consistent with law.

SECTION 9. CHANGE IN FORM OF GOVERNMENT

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 10. FRANCHISE FEE

10.1. Right and Form. During the term of the Franchise hereby granted, and in addition to permit fees being imposed or that the City has a right to impose, the City may charge the Company a franchise fee. The fee may be (i) a percentage of gross revenues received by the Company for its operations within the City, or (ii) a flat fee per customer based on metered service to retail customers within the City or on some other similar basis, or (iii) a fee based on units of energy delivered to any class of retail customers within the corporate limits of the City. The method of imposing the franchise fee, the percentage of revenue rate, or the flat rate based on metered service may differ for each customer class or combine the methods described in (i)-(iii) above in assessing the fee.

10.2. Separate Ordinance. The franchise fee shall be imposed by separate ordinance duly adopted by the City, which ordinance shall not be adopted until at least thirty (30) days after Notice enclosing such proposed ordinance has been served upon the Company. The fee shall become effective ten (10) days after Notice enclosing such adopted ordinance has been served upon the Company by certified mail.

10.3. Collection of Fee. The City acknowledges that the Company may collect one hundred percent (100%) of any franchise fees imposed by the City from customers in the City. The Commission reserves the right to establish and modify from time to time, the rate design of the fee collected from customers of different classes. The Company acknowledges that, notwithstanding its right to collect a franchise fee from its customers, the fee is ultimately payable by the Company pursuant to Minnesota Statutes, Sections 216B.36 and 301B.01 and if there is any delay between the effective date of a franchise fee ordinance and the Company's collection of the fee from customers, the Company shall be liable to pay to the City the cumulative amount of fees not collected due to delay. Fees shall be payable not less than

quarterly during complete billing months of the period for which payment is to be made. The franchise fee formula may be changed from time to time; however, the change shall meet the same notice requirements and the fee may not be changed more often than annually. The Company agrees to make available for inspection by the City at reasonable times all records necessary to audit the Company's franchise fee records.

SECTION 11. ABANDONED FACILITIES

Company shall notify the City of Company's intent to abandon or no longer use any Gas Facilities in the Public Way or Public Ground, including, but not limited to, any vaults or similar facilities. Company shall remove, at Company's sole expense, such abandoned or unused Gas Facilities when work is performed, if required in conjunction with other right-of-way, repair, excavation or reconstruction work, unless this requirement is waived by the City, unless the City Engineer or his or her designee provides written approval of such Gas Facilities remaining in place, upon such terms and conditions as the City deems appropriate.

SECTION 12. OPERATION DATE

This Ordinance requires the Company to make all reasonable efforts to achieve commencement of System operations to customers within the City at Commission-approved natural gas rates by the Operation Date. Notwithstanding anything in this Franchise to the contrary, the City and the Company expressly agree and acknowledge that delays in achieving the Operation Date for reasons that the Company demonstrates to the City's reasonable satisfaction are beyond the Company's reasonable control, shall not constitute a default by the Company to timely achieve the Operation Date. In the event that it becomes apparent that the Company will not achieve commencement of System operations by the Operation Date for demonstrated reasons beyond the Company's reasonable control, the Company and the City agree to negotiate in good faith to establish a new Operation Date.

SECTION 13. ADDITIONAL PROVISIONS OF ORDINANCE

13.1. Severability. Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part; and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

13.2. Limitation on Applicability. This Ordinance shall not in any way inure to the benefit of any third person (including the public at large) so as to constitute any such person as a third party beneficiary of this Franchise or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.


13.3. No Waiver. The Company shall not be excused from performing the terms of this Ordinance due to the City's failure to enforce its rights hereunder.

13.4. Data. All "data" provided to the City in connection with this Franchise shall be governed by the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.

SECTION 14. AMENDMENT PROCEDURE


This Ordinance may be amended at any time by the mutual consent of the City and Company by City adoption of an amendatory ordinance, which shall become effective upon Company consent filed with the City.

Passed and approved:



Mayor, Belgrade, Minnesota

Attest:



City Clerk, Belgrade, Minnesota

ATTACHMENT A

**Brooten and Belgrade
Franchise Agreements and Resolutions**



BOX 81
BROOTEN, MN 56316
PHONE (320) 346-2524 • FAX (320) 346-2779
The City of Brooten is an Equal Opportunity Provider

May 24, 2016

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: Resolution of City of Brooten, Minnesota Approving Exemption from PUC Regulation

Dear Mr. Wolf:

Enclosed please find a copy of the Resolution of the City of Brooten, Minnesota agreeing to the "under 650 customer exemption" the Minnesota Public Utilities Commission's regulation of Dooley's Natural Gas II, LLC ("DNG II") as allowed in Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12.

By action on May 23, 2016, the City granted a franchise to DNG II for the delivery of natural gas to customers in the City. The number of DNG II customers in the City will be approximately 300. Based on current City population, the maximum number of customers Dooley's could serve could not exceed 650.

Accordingly, the City hereby files this resolution requesting the Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12 exemption from Commission regulation of DNG II reserving all rights under chapter 216B and other law applicable regarding DNG II's natural gas operations within the City.

Please contact our City Office if you have any questions or if any further filing is necessary for the requested regulatory exemption.

Very truly yours,

Larry Putz, Mayor

RESOLUTION 2016-5

**RESOLUTION SEEKING EXEMPTION FROM RATE REGULATION BY THE
MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC) FOR NATURAL GAS AS
PERMITTED UNDER MINNESOTA STATUTES, CHAPTER 216B**

WHEREAS, Dooley's Natural Gas II, LLC ("DNG II") has been granted a franchise under City Ordinance to install a system of pipelines and to operate a natural gas utility service for the benefit of public and private customers within the City; and

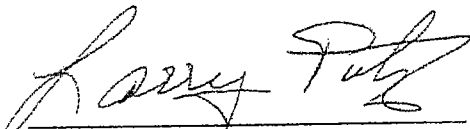
WHEREAS, the provisions of Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12 provide that the rate regulation provisions of Chapter 216B shall not apply to an approved franchisee of natural gas if a resolution of the City Council requesting exemption is filed with the Minnesota Public Utilities Commission ("Commission"); and

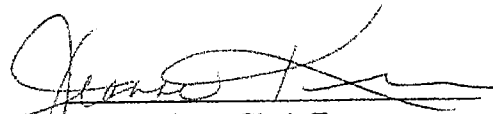
WHEREAS, the City finds that DNG II could better serve the citizens and businesses of the City if exempted from the rate regulation provisions of Minnesota Statutes Chapter 216B; and

WHEREAS, the City has agreed to communicate to the Commission its consent to DNG II's exemption from Commission regulation under Minn. Stat. §§ 216B.02, Subd. 4 and 216B.16, Subd. 12.

NOW THEREFORE, BE IT RESOLVED by the City of Brooten that it hereby requests of the Commission that DNG II be exempted from the rate setting provisions of Minnesota Statutes Chapter 216B as above with regards to its installation and providing of natural gas services to the citizens and businesses of Brooten.

I CERTIFY THAT the above resolution was adopted by the Brooten City Council on May 23, 2016.


Larry Putz, Mayor


Jeanne Kinne, Clerk-Treasurer

CITY OF BROOTEN, STEARNS COUNTY, MINNESOTA

ORDINANCE NO. _____

AN ORDINANCE GRANTING DOOLEY'S NATURAL GAS II, LLC, A MINNESOTA LIMITED LIABILITY COMPANY, ITS PERMITTED SUCCESSORS AND ASSIGNS, A NONEXCLUSIVE FRANCHISE TO CONSTRUCT, OPERATE, AND MAINTAIN FACILITIES AND EQUIPMENT FOR THE TRANSPORTATION, DISTRIBUTION, AND SALE OF GAS ENERGY FOR PUBLIC AND PRIVATE USE AND TO USE THE PUBLIC WAYS AND PUBLIC GROUND OF THE CITY OF BROOTEN, MINNESOTA, FOR SUCH PURPOSE; AND PRESCRIBING CERTAIN TERMS AND CONDITIONS THEREOF.

THE CITY COUNCIL OF THE CITY OF BROOTEN, STEARNS COUNTY, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS

For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

City. The City of Brooten, Stearns County, State of Minnesota.

City Utility System. Facilities used for providing public utility service owned or operated by City or agency thereof, including sewer, storm sewer, water service, street lighting and traffic signals, but excluding facilities for providing heating, lighting, or other forms of energy.

Commission. The City Council as vested with authority over rates and services of the Company pursuant to this Franchise, Minnesota Statutes, Section 216B.04, subd. 4 and other governing law or, alternatively, if the City becomes a member of a joint board formed to regulate rates and services of the Company in the City and in the surrounding area. The Commission will be whichever of the two forms the City chooses to employ, in its sole discretion, to regulate rates and services in the City. A separate Commission appointed by the City Council shall hear all rate, services and other matters under this Franchise and make recommendations to the City Council, which shall have final authority on all matters.

Company. Dooley's Natural Gas II LLC, a Minnesota limited liability company, its successors and assigns permitted by the City including all successors or assigns that own or operate any part or parts of the Gas Facilities subject to this Franchise or Ordinance. This Ordinance granting the Franchise to the Company to provide retail natural gas service to customers in the City under the terms and conditions herein.

Franchise Administrator. The City official designated by the City Council who shall be responsible for administration of the Franchise.

Gas Facilities or System. Gas transmission and distribution pipes, lines, ducts, fixtures, and all necessary equipment and appurtenances owned or operated by the Company for the purpose of providing natural gas for public or private use in the City.

Notice. A writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Dooley's Natural Gas II LLC, PO Box 100, Murdock MN. 56271, Attention Randy Dooley. Notice to the City shall be mailed to _____, City of Brooten, 147 Central Avenue North, Brooten, MN 56316-0081. Either party may change its respective representative and address for the purpose of this Ordinance by Notice to the other party.

Operation Date. November 1, 2015, or other date approved by the Commission for the commencement of System operations to customers within the City at Commission-approved natural gas rates.

Public Ground. All real property for common use by the public that is owned by, controlled by, or dedicated to the City, for open space or similar purposes.

Public Way. The area on, below, or above a public roadway, highway, street, alley, cartway, bicycle lane, walkway, public sidewalk, or other public right-of-way, or other dedicated right-of-way for travel purposes and utility easements.

SECTION 2. ADOPTION OF FRANCHISE

2.1. Statement of City Intent. This Ordinance is adopted by the Legislative authority granted to the City under applicable law. The City intends to exercise and reserve its full rights under the law while granting a non-exclusive Franchise to the Company to design, construct, install, operate and maintain a System for gas customers in the City, beginning on the Operation Date. This Ordinance requires the Company to make all reasonable efforts to achieve commencement of System operations to customers within the City at Commission-approved natural gas rates by the Operation Date while maintaining all safety and System quality standards required by law.

2.2 Grant and Acceptance of Franchise. City hereby grants Company, for a period of twenty (20) years from the date this Ordinance is passed and approved by the City, the nonexclusive right to transport, distribute and sell gas for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future. This right includes the provision of Gas that is (i) manufactured by the Company or its affiliates and delivered by the Company, (ii) purchased and delivered by the Company or (iii) purchased from another source by the retail customer and delivered by the Company. For these purposes, Company may construct, operate, repair and maintain Gas Facilities in, on, over, under and across the Public Ways and Public Grounds, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject however, to such lawful regulations as may be adopted by separate ordinance.

2.3. City Police Powers and Revocation Rights. The Company's rights are subject to the police powers of the City to adopt and enforce ordinances necessary to the health, safety and welfare of the public. The Company shall comply with all applicable general laws and ordinances enacted by the City pursuant to that power. The Franchise granted hereby is subject to revocation by the City under the Terms of this Ordinance.

2.4. Effective Date; Written Acceptance. This Franchise shall be in force and effect from and after its passage of this Ordinance and publication as required by law and its acceptance by Company. If Company does not file a written acceptance with the City within sixty (60) days after the date the City Council adopts this Ordinance and unless the City extends the time to accept or takes other action, the Franchise will be deemed to have been automatically revoked and this Ordinance will be repealed. Upon acceptance by the Company, the Company agrees to comply with this Ordinance.

2.5. Service and Gas Rates. The services to be provided and the rates to be charged by Company for gas service in the City are subject to the jurisdiction of the Commission, other terms of this Franchise and all other applicable laws. This Franchise is adopted concurrently with a filing by the City with the Minnesota Public Utilities Commission ("MPUC") consenting to Company exemption from MPUC regulation under Minnesota Statutes, Sections 216B.02 subd. 4 and 216B.16 subd. 12. Notwithstanding said filing, the City expressly reserves its right at any time during the term of this Franchise to request MPUC rate and service regulation of the Company.

2.6. Publication Expense. Company shall pay the expense of publication of this Ordinance.

2.7. Dispute Resolution. If either party asserts that the other party is in default in the performance of any obligation hereunder or is otherwise in breach of the Franchise, the complaining party shall notify the other party in writing of the default and the desired remedy. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within thirty (30) days of the Notice, the parties may mediate by jointly selecting a mediator to facilitate further discussion. The parties will equally share the fees and expenses of the mediator. If either party objects to use of a mediator or a mutually acceptable mediator cannot be obtained, either party may commence an action in Stearns County District Court to interpret and enforce this Franchise and/or seek such other relief as permitted by law or equity.

SECTION 3. CONSTRUCTION AND INSTALLATION OF SYSTEM

3.1. Plans and Specifications.

A. **Pre-Construction Meeting.** At least thirty (30) days prior to commencing construction of the System in the Public Way or Public Ground, the Company shall participate in a pre-construction meeting(s) with the City Engineer to review the Company's (or its contractor's) plan for constructing the System within the City. Five (5) days prior to the pre-construction meeting, the Company or its contractor shall provide to the City and the City Engineer (1) a map showing the location of the proposed facilities; and (2) a proposed Construction schedule addressing impacts on traffic due to the planned construction activities.

B. **Notice to Proceed.** Within ten (10) days after the pre-construction meeting, the City Engineer shall authorize the Company (and its contractor) to proceed with

construction in accordance with the "Final Construction Plan" or indicate what requirements the City has before the City will issue a Notice to Proceed and construction on the System within the City can commence.

C. **Monitoring and Notifications.** Company shall keep the City Engineer informed of progress made in implementing the System within the City and shall notify the City Engineer in advance of any planned deviations from the Final Construction Plan. The City Engineer shall have the right at all times to inspect the work being performed by the Company or its contractor to ensure that such work is being performed in accordance with the Final Construction Plan and applicable permits.

D. **Resolution of Disputes.** The City and Company agree to use their best efforts to resolve all engineering/construction issues to the mutual satisfaction of both parties. Under no circumstances, however, shall the City be obliged or required to revise, amend, modify or waive any of the codes, ordinances, rules or regulations of the City.

3.2. Permits.

A. **Obligation to Obtain Permits.** The Company shall, before commencing construction of the System as approved by the City Engineer, obtain all permits from the City necessary for such construction. The City shall endeavor to issue a single permit authorizing construction of the System with the City upon receiving plans and specifications sufficiently detailed to demonstrate to the City that the System will be constructed in accordance with all applicable codes and ordinances, including but not limited to Minnesota Office of Pipeline Safety ("MNOPS") requirements.

B. **Construction in Accordance with Permits.** The Company shall construct the System in accordance with all permits issued and all applicable codes, rules and regulations of all governmental authorities. The Company shall, as diligently as practicable but in no event later than thirty (30) days after delivery of a violation notice by the City, correct such violation. Notwithstanding the foregoing, if the violation constitutes a potential threat to the public, the Company shall correct the violation immediately.

C. Construction On and In Public Ways.

1. **Minimal Interference.** All work performed on, in, under, across or along the Public Ways shall be conducted so as to minimize any unreasonable interference with the rights and convenience of the general public, including traffic flow. Company shall, at all times while performing work in the Public Ways, (a) employ reasonable care to protect the health and safety of the public; and (b) operate in accordance with the traffic control plan as approved by the City Engineer.

2. **Barricades.** The Company shall use suitable barricades, flags, lights, flares or other protective devices at such times and places as are required by its traffic control plan, all applicable ordinances, codes, rules and regulations and at

such additional times and places, as determined by the City in its sole judgment and discretion, as are required for the safety of all members of the general public, so as to prevent injury to any person or vehicle by reason of any work being performed under this Ordinance.

D. Excavation Work and Time Periods.

1. Prior Notification. The Company shall notify the City at least seventy-two (72) hours prior to any excavation in the Public Way. The Company shall provide notice to the owners of private property abutting the proposed excavation by posting a notice of such excavation, at least seventy-two (72) hours prior to any excavation in the Public Way, with a telephone number of the Company's representative whom the private property owner may contact for information regarding the excavation. Nothing herein shall be construed as preventing the Company from making immediate repairs to any damage caused to any Gas Facilities; provided that the Company shall notify the City Engineer as promptly as practicable before such repair work or if in an emergency, as soon thereafter as practicable.

2. Excavation Plans. No excavation in the Public Way shall be conducted more than twenty-four (24) hours prior to the installation therein of any facilities.

3. Excavations in Lawns and Parkways. All excavations in lawns or grassy parkways shall be immediately back-filled, tamped and restored with seed or sod in accordance with the applicable provisions of this Ordinance.

E. General Construction Standard. All work performed on the System shall be performed in a good and workmanlike manner using materials of good and durable quality. If at any time it is determined by the City in its reasonable judgment that any part of the System, including, without limitation, any means used to distribute natural gas over or within the System, is harmful to the health or safety of any person, then the Company shall, at its sole cost and expense, promptly correct all such conditions to the satisfaction of the City.

F. "As-Built" Plans. The Company shall furnish to the City a complete set of all "as-built" plans for the Systems as originally constructed and for all reconstruction, repair, relocation and other work performed thereon within sixty (60) days after completion of such work. Notwithstanding the foregoing, the Company shall not be required to provide "as-built" plans for routine maintenance work performed.

G. City Right of Inspection. The City shall have the right to inspect the construction site to ensure compliance with this Ordinance and all applicable codes, laws, ordinances, rules, regulations and permits.

H. Nonexclusive Use. The Company's right to use and occupy the Public

Ways or Public Ground shall not be exclusive. The City hereby reserves the right to grant any right or use of such Public Ways to any person at any time during the period of the Franchise and any renewal or extension thereof, provided that such grant does not obstruct, injure or prevent the use and operation of the System or any Facilities.

I. **City Utilities.** The City hereby retains the right to lay and permit to be laid, City Utility System facilities in the Public Way during installation of the System and throughout the term of the Franchise pursuant to City police power; to change any curb or sidewalk or the grade or dimension of any street; and to do and to permit to be done any other work as the City shall deem necessary or proper in its sole judgment and discretion. All such work shall be done, insofar as practicable, in such manner as not to obstruct, injure or prevent the free use and operation of Gas Facilities. If Gas Facilities shall interfere with the construction or repair of any Public Way, Public Ground or public improvement therein, Company shall, at its sole cost and expense, commence and diligently prosecute to completion, the relocation, removal or replacement of such Facilities, within ninety (90) days after the delivery of such notice by the City. Such work shall be performed as reasonably directed by the City. In the event the Gas Facilities must be so relocated, the City Engineer shall cooperate with the Company in identifying alternative locations for the relocated facilities.

SECTION 4. LOCATION; OPERATIONAL REGULATIONS

4.1. Location of Facilities. Gas Facilities shall be located, constructed, and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt the operation of any City Utility System. Gas Facilities may be located on or in Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance, location and relocation of Gas Facilities shall be subject to other reasonable regulations of the City consistent with authority granted to the City to manage its Public Ways and Public Grounds under state law, and to the extent not inconsistent with a specific term of this Franchise.

4.2. Public Ground, Public Way Openings. Company shall not open or disturb the surface of any Public Way or Public Ground for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee. Company may, however, open and disturb the surface of any Public Way or Public Ground without a permit if (i) an emergency exists requiring the immediate repair of Gas Facilities and (ii) Company gives telephone, email or similar notice to the City before commencement of the emergency repair, if reasonably possible. Within two (2) business days after commencing the repair, Company shall apply for any required permits and pay any required fees.

4.3. Restoration. After undertaking any work requiring the opening of any Public Way, the Company shall restore the Public Way in accordance with Minnesota Rules, Part 7819.1100 and applicable City ordinances. Company shall restore the Public Ground to a condition as good as formerly existed, and shall maintain the surface in good condition for six (6) months thereafter. All work shall be completed as promptly as weather permits, and if Company

shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground in the said condition, the City shall have the right, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, to make the restoration of the Public Ground at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City. This remedy shall be in addition to any other remedy available to the City for noncompliance with this Section 34.3.

4.4. Avoid Damage to Gas Facilities. The Company must take reasonable measures to prevent the Gas Facilities from causing damage to persons or property. The Company must take reasonable measures to protect the Gas Facilities from damage that could be inflicted on the Gas Facilities by persons, property, or the elements. The Company must take protective measures when the City performs work near the Gas Facilities, if given reasonable notice by the City of such work prior to its commencement.

4.5. Notice of Improvements to Streets. The City will give Company reasonable Notice of plans for improvements to Public Ways where the City has reason to believe that Gas Facilities may affect or be affected by the improvement. The Notice shall contain: (i) the nature and character of the improvements, (ii) the Public Ways upon which the improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Way is involved, the order in which the work is to proceed. The Notice will be given to Company a sufficient length of time, considering seasonal working conditions, in advance of the actual commencement of the work to permit Company to make any additions, alterations or repairs to its Gas Facilities the Company deems necessary.

4.6. Mapping Information. The Company shall comply with the requirements of Minnesota Rules, Parts 7819.4000 and 7819.4100. If and when the City implements land base data, the Company shall promptly provide all Gas Facilities location information requested by the City.

4.7. Relocation in Public Ways and Public Grounds. The Company shall comply with Minnesota Rules, Part 7819.3100 and applicable City ordinances consistent with law.

4.8. Office of Pipeline Safety Standards. The Company shall comply with all rules and standards of MNOPS applicable to any aspect of the Company's design, system interconnection, construction, installation, operation, maintenance, repair or replacement of its Gas Facilities. The Company shall work cooperatively with MNOPS representatives in the construction of the System and concurrently copy the City on all written communications to and from MNOPS pursuant to Notice in Section 1 above.

4.9. Minnesota Rules, Chapter 7819. Unless otherwise modified in this Franchise, the Company shall comply with all rules in Minnesota Rules, Chapter 7819 applicable to gas utilities.

SECTION 5. SERVICES AND RATES

5.1. Commission Governance. Unless expressly stated otherwise in this Franchise or transferred to the MPUC by action taken pursuant to Section 2.5 above, the Commission shall govern all matters relating to Company rates and services in the City.

5.2. Customer Service. The Commission and the Company agree to work together in good faith in adopting other standards the Commission determines to be necessary for the protection of natural gas customers within the City.

5.3. Rate Regulation.

A. **Rate Filing.** Not less than ninety (90) days prior to the Operation Date, Company shall submit with the City an initial filing of proposed rates and supporting documentation therefor. The Commission shall have ninety (90) days to act on the Company proposal, unless the Commission needs additional time to determine whether the proposed rates are reasonable. The Commission shall provide the opportunity for customer comment on the rate proposal. If the Commission does not act within ninety (90) days of the Company's Filing, the Company's proposed rates shall go into effect until such time as the Commission acts on the rate proposal, after which the Commission approved rates will go into effect. All rates charged customers in the City shall be adopted by separate ordinance, as approved by the Commission; provided, however, that the cost of the natural gas commodity, including any up-stream interstate pipeline charges (*i.e.*, demand costs), shall be a direct pass-through to natural gas customers by the Company without mark-up.

B. **Commission Review.** The Commission may retain consultants necessary to review the Company proposal and require the Company to reimburse the Commission for its reasonable consultant costs incurred in the review of rate, or service, matters raised by the Company. The Commission shall require the Company to provide all information reasonably necessary to evaluate proposed rates. The Commission may approve, approve as modified, or reject the Company's rate proposal taking into consideration the need to establish just and reasonable rates for natural gas customers in the City and provide the Company with an opportunity to earn a reasonable return on its investment. Upon Commission approval, such rates shall remain in effect until the next Company rate proposal. Upon Commission approval, any change in rates shall be in the form of a separate ordinance superseding the previous rate ordinance. The Commission shall have the right to initiate an investigation of Company rates at any time if a reasonable basis exists to believe that rates may be substantially reduced due to changes in the cost of service since the previous rate petition or inaccuracy of information previously provided by the Company, or for any reason giving the Commission cause to believe the Company is earning substantially more than a reasonable rate of return.

SECTION 6. INDEMNIFICATION; SECURITY FUND; INSURANCE

6.1. Indemnity of City. Company shall indemnify and hold the City harmless from any and all liability, on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Gas Facilities located in the Public Ways and Public Grounds. The City shall not be indemnified for losses or claims occasioned through its own negligence except that the Company shall indemnify

and defend the City for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work.

6.2. Defense of City. In the event that the Company must indemnify the City against a claim, the Company at its sole cost and expense shall defend the City against such claim if the City provides written Notice to the Company within a reasonable period wherein Company is not prejudiced by the lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, including selection of defense counsel. Company agrees, however, to consult in good faith with the City as to who will defend such claim. Company may not settle such claim without the consent of the City, which consent shall not be unreasonably withheld. This section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City. The Company, in defending any claim on behalf of the City, shall be entitled to assert every defense or immunity that the City could assert in its own behalf.

6.3. Company and System Contractor Liability Insurance.

A. General Liability. Company shall maintain, throughout the term of the Franchise, general comprehensive liability insurance insuring both the Company and the City, and its employees, officers, boards, commissions, elected and appointed officials, agents and employees, in the minimum amounts of:

- (a) \$2,000,000 for bodily injury or death to each Person;
- (b) \$2,000,000 for property damage resulting from any one accident; and
- (c) \$1,000,000 for all other types of liability.

B. Automobile. The Company shall maintain in its own name automobile liability insurance with a limit of \$2,000,000 for each person and \$2,000,000 for each accident for property damage with respect to owned and not-owned automobiles for the operations of which the Company is responsible.

C. Worker's Compensation. The Company shall also maintain Worker's compensation Insurance within the statutory limits and Employer's Liability Insurance with not less than \$1,000,000 coverage.

D. Hazard. By reason of Company's right to use or work in the Public Ways and Public Grounds, the Company's insurance shall cover comprehensive form, premises-operations, explosions and collapse hazard, underground hazard and products completed hazard in the minimum amount of \$2,000,000, or whatever limits are permitted by the State of Minnesota for bodily injury and property damage combined of this Ordinance.

E. Evidence of Insurance Policies. Within thirty (30) days of the effective date of this Ordinance or within fifteen (15) days of the Company's written acceptance of the Franchise pursuant to Section 2.4 of this Agreement whichever is later, the Company shall furnish proof to the City that the foregoing insurance policies have been obtained, along with written evidence of payment of required premiums, in the form of a certificate

of insurance.

F. Maintenance of Insurance Policies. The liability insurance policies required by this Section shall be maintained by the Company throughout the term of Franchise and such other period of time during which the Company operates or is engaged in the removal of the System as subject to City inspection and approval. Each such insurance policy shall contain the following endorsement:

It is hereby understood and agreed that this policy may not be canceled nor the intention not to renew be stated until 90 days after receipt by the City of Notice of such intent to cancel or not to renew.

Within 60 days after receipt by the City of said notice, and in no event later than 30 days prior to said cancellation, the Company shall obtain and furnish to the City replacement insurance policies in a form acceptable to the City.

G. Alteration of Minimum Limitations. The City may increase the minimum limitation(s) of the insurance policy or policies required in this section by a percentage not to exceed the greater of the percentage increase in the Consumer Price Index as of the effective date or increases due to legislative changes to municipal tort liability limits under Minnesota Statutes chapter 466, which limits the City does not waive hereby.

H. No Limit of Liability. The legal liability of the Company to the City and any person for any of the matters that are the subject of the insurance policies required by this Section, shall not be limited by said insurance policies or by the recovery of any amounts thereunder.

SECTION 7. REVOCATION OF FRANCHISE; SALE, ABANDONMENT AND TRANSFER

7.1. City's Right to Revoke. In addition to all other rights which City has pursuant to law or equity, City reserves the right to commence proceedings to revoke, terminate or cancel this Franchise subject to the procedures set forth in Section 7.2, and all rights and privileges pertaining thereto, if the Commission determines City that:

- A. Company has violated a material provisions(s) of this Franchise; or
- B. Company has attempted to evade any of the material provisions of the Franchise; or
- C. Company has practiced fraud or deceit upon City; or
- D. The Company fails to provide continuous natural gas service for any reason within its reasonable control, specifically including but not limited to Company insolvency or other circumstance, other than excused by force majeure, that render the Company unable to provide service to customers in the City.

7.2. Procedures for Revocation.

A. The Commission shall provide Company with Notice of a cause for revocation and the intent to revoke and shall allow Company thirty (30) days subsequent to receipt of the Notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. In the Notice required therein, Commission shall provide Company with the basis of the revocation.

B. Company shall be provided the right to a public hearing affording due process before the Commission prior to the effective date of revocation, which public hearing shall follow in the event the Company does not correct the violation or to provide adequate assurance of performance in compliance with the Franchise within thirty (30) days of the Notice provided in paragraph (A) above. Commission shall provide Company with Notice of its decision together with written findings of fact supplementing said decision.

C. After the public hearing and upon Notice of the determination by Commission to revoke the Franchise Company may appeal said decision with an appropriate state or federal court or agency.

D. During the appeal period, the Franchise shall remain in full force and effect unless the term thereof sooner expires or unless continuation of the Franchise would endanger the health, safety and welfare of any person or the public.

7.3. Abandonment or Failure of Service.

A. Company may not abandon the System or any portion thereof without having first given three (3) months' Notice to City. Company may not abandon the System or any portion thereof without compensating City for damages resulting from the abandonment.

B. Unless service is discontinued for cause, if Company fails to provide continuous gas utility service to any group of customers, for any reason within Company's reasonable control, including but not limited to insolvency or due to a dispute with its gas source(s) or gas transporters, that the Commission deems to be a failure of service, the Company hereby agrees that the City and affected customers may be irreparably harmed and that the City may take emergency action, as necessary, in any court or administrative agency of competent jurisdiction. In that event, Company shall cooperate and do all things within its control to restore service or allow the City to step-in or retain third parties to step-in to restore safe and reliable service to the affected customers.

7.4. Facilities Removal After Abandonment, Termination. In the event of termination of the Franchise or abandonment of the Gas Facilities or System, the Commission shall have the right to require Company to discontinue providing service to natural gas customers within the City (or a portion thereof) and to take all steps reasonably necessary to maintain the

safety and integrity of the existing System after service is discontinued or abandoned.

7.5. Sale or Transfer of Franchise.

Neither party may assign this Franchise without the prior approval of the other party, which will not be unreasonably withheld. Notwithstanding the foregoing, if the Company merges with, is acquired by, or acquires another company, it reserves the right to assign this franchise.

SECTION 8. VACATION OF PUBLIC WAYS

The City shall give Company at least two (2) weeks prior Notice of a proposed vacation of a Public Way. The City and the Company shall comply with Minnesota Rules, Part 7819.3200 and applicable ordinances consistent with law.

SECTION 9. CHANGE IN FORM OF GOVERNMENT

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 10. FRANCHISE FEE

10.1. Right and Form. During the term of the Franchise hereby granted, and in addition to permit fees being imposed or that the City has a right to impose, the City may charge the Company a franchise fee. The fee may be (i) a percentage of gross revenues received by the Company for its operations within the City, or (ii) a flat fee per customer based on metered service to retail customers within the City or on some other similar basis, or (iii) a fee based on units of energy delivered to any class of retail customers within the corporate limits of the City. The method of imposing the franchise fee, the percentage of revenue rate, or the flat rate based on metered service may differ for each customer class or combine the methods described in (i)-(iii) above in assessing the fee.

10.2. Separate Ordinance. The franchise fee shall be imposed by separate ordinance duly adopted by the City, which ordinance shall not be adopted until at least thirty (30) days after Notice enclosing such proposed ordinance has been served upon the Company. The fee shall become effective ten (10) days after Notice enclosing such adopted ordinance has been served upon the Company by certified mail.

10.3. Collection of Fee. The City acknowledges that the Company may collect one hundred percent (100%) of any franchise fees imposed by the City from customers in the City. The Commission reserves the right to establish and modify from time to time, the rate design of the fee collected from customers of different classes. The Company acknowledges that, notwithstanding its right to collect a franchise fee from its customers, the fee is ultimately payable by the Company pursuant to Minnesota Statutes, Sections 216B.36 and 301B.01 and if there is any delay between the effective date of a franchise fee ordinance and the Company's collection of the fee from customers, the Company shall be liable to pay to the City the cumulative amount of fees not collected due to delay. Fees shall be payable not less than

quarterly during complete billing months of the period for which payment is to be made. The franchise fee formula may be changed from time to time; however, the change shall meet the same notice requirements and the fee may not be changed more often than annually. The Company agrees to make available for inspection by the City at reasonable times all records necessary to audit the Company's franchise fee records.

SECTION 11. ABANDONED FACILITIES

Company shall notify the City of Company's intent to abandon or no longer use any Gas Facilities in the Public Way or Public Ground, including, but not limited to, any vaults or similar facilities. Company shall remove, at Company's sole expense, such abandoned or unused Gas Facilities when work is performed, if required in conjunction with other right-of-way, repair, excavation or reconstruction work, unless this requirement is waived by the City, unless the City Engineer or his or her designee provides written approval of such Gas Facilities remaining in place, upon such terms and conditions as the City deems appropriate.

SECTION 12. OPERATION DATE

This Ordinance requires the Company to make all reasonable efforts to achieve commencement of System operations to customers within the City at Commission-approved natural gas rates by the Operation Date. Notwithstanding anything in this Franchise to the contrary, the City and the Company expressly agree and acknowledge that delays in achieving the Operation Date for reasons that the Company demonstrates to the City's reasonable satisfaction are beyond the Company's reasonable control, shall not constitute a default by the Company to timely achieve the Operation Date. In the event that it becomes apparent that the Company will not achieve commencement of System operations by the Operation Date for demonstrated reasons beyond the Company's reasonable control, the Company and the City agree to negotiate in good faith to establish a new Operation Date.

SECTION 13. ADDITIONAL PROVISIONS OF ORDINANCE

13.1. Severability. Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part; and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

13.2. Limitation on Applicability. This Ordinance shall not in any way inure to the benefit of any third person (including the public at large) so as to constitute any such person as a third party beneficiary of this Franchise or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

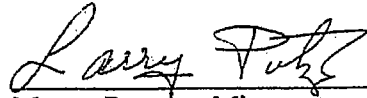
13.3. No Waiver. The Company shall not be excused from performing the terms of this Ordinance due to the City's failure to enforce its rights hereunder.

13.4. Data. All "data" provided to the City in connection with this Franchise shall be governed by the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.

SECTION 14. AMENDMENT PROCEDURE

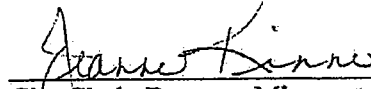
This Ordinance may be amended at any time by the mutual consent of the City and Company by City adoption of an amendatory ordinance, which shall become effective upon Company consent filed with the City.

Passed and approved:



Mayor, Brooten, Minnesota

Attest:



City Clerk, Brooten, Minnesota

ATTACHMENT B

DNG II System Map

ATTACHMENT C

Brooten and Belgrade

Rate and Tariff Book



**Rates / Services
& Regulations
Book**

TABLE OF CONTENTS

	Page (s)
I. CONTACT INFORMATION	1
II. SERVICE AREA	2
III. TERMS AND ABBREVIATIONS	3-6
IV. BASIC COST OF GAS	7
V. RESIDENTIAL SALES SERVICE	8-9
VI. SMALL VOLUME COMMERCIAL	10-11
VII. LARGE VOLUME COMMERCIAL & INDUSTRIAL	12-13
VIII. LARGE AGRICULTURAL HEATING SALES SERVICE	14-15
IX. LARGE AGRICULTURAL DRYING SALES SERVICE	16-17
X. STANDBY PEAKING SALES SERVICE RIDER	18
XI. NEW AREA SURCHARGE RIDER	19
XII. PURCHASED GAS ADJUSTMENT RIDER	20-21
XIII. FRANCHISE FEE RIDER	22
XIV. LARGE COMMERCIAL/INDUSTRIAL CREDIT POLICY RIDER	23-25
XV. GENERAL INFORMATION	26
XVI. APPLICATION FOR GAS SERVICE	27-28
XVII. GAS MAINS	29-32
XVIII. GAS SERVICE LINES	33-36
XIX. GAS METERS	37-38
XX. CUSTOMER DEPOSITS	39
XXI. ACCESS TO CUSTOMER PREMISES	40
XXII. BILLING	41-42
XXIII. PAYMENT OF BILLS	43
XXIV. DISCONTINUANCE OR REFUSAL OF GAS SERVICE	44
XXV. DISCONTINUANCE/REFUSAL-DURING COLD WEATHER	45-51
XXVI. RESPONSIBILITIES	52
XXVII. CUSTOMER SERVICE	53
XXVIII. CUSTOMER REQUESTED UTILITY WORK	54
XXIX. TERMS & CONDITIONS/MN COLD WEATHER RULE	55-59



SECTION I. CONTACT INFORMATION

Contact List

The following are addresses, emergency contacts, and the responsible parties of Dooley's Natural Gas II LLC.

Officers

President: Randy Dooley
PO Box 100
Murdock, MN 56271
Office-320-875-2641
Cell-320-630-5676 (emergency contact number)

Operational Manager: Tim Hulscher
PO Box 100
Murdock, MN 56271
Office-320-847-2439
Cell-320-894-5862 (emergency contact number)

General Manager: Dan Goeman
PO Box 141
Clara City, MN 56222
Office-320-847-2439
Cell-320-894-5546

Main Office: Heidi Hagen
Dooley's Natural Gas
PO Box 100
Murdock, MN 56271
Office-320-847-2439



SECTION II. SERVICE AREA

Areas Served by Dooley's Natural Gas II

Dooley's Natural Gas II supplies gas service to the following cities and rural townships.

Cities & Townships

Belgrade

Brooten

Hawick

Regal

Grove City

Counties

Kandiyohi

Meeker

Stearns



SECTION III. TERMS & ABBREVIATIONS

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 Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC in whose name service is rendered as evidenced by an application, contract, or agreement for service. In the absence of an application, contract, or agreement for service, the customer shall be the person receiving or paying bills issued in his/her or its name, regardless of the identity of the actual user of the service.

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 gas meter or regulator setting.

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 Dooley's Natural Gas II, LLC to a customer, or from a customer to Dooley's Natural Gas II LLC, may be oral or written.

A written notice from Dooley's Natural Gas II LLC may either be delivered or mailed to the customers' last known address. A written notice from the customer may either be delivered or mailed to Dooley's Natural Gas II LLC's main office, PO Box 100 Murdock, MN 56271, or to any of its local or regional offices.

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

PSC

The Minnesota Public Service Commission, previous name of the present 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.

Agricultural Heating Customer

An agricultural heating customer is a customer that uses natural gas primarily for heating an area that includes livestock.

Agricultural Drying Customer

An agricultural drying customer is a customer that uses natural gas primarily for drying agricultural goods.

Contributions in Aid of Construction

Moneys deposited with Dooley's Natural Gas II LLC by customers or applicants as non-refundable contributions to aid expansion of the distribution system, when Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC 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

SECTION IV. BASIC COST OF GAS

Basic Cost of 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	0.2280
NNG Demand Charges	0.2308
<u>U.S Energy's Management Fee</u>	<u>0.0220</u>
 Basic Cost of Gas	 0.4808



SECTION V. 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.

Rates:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
\$8.00	\$0.4872	\$0.968

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: gas quality 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 \$8.00 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% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less. 'Delinquent amount' is the portion of a customer's account representing charges for gas service that is past due. 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 rates listed on page 8 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.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider.

SECTION VI. SMALL VOLUME COMMERCIAL

Small Volume Commercial Firm Rates: CFRS (Cat-2)

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.

Rates:

Peak Demand	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 1,250,000 BTU's	\$12.00	\$0.4872	\$0.968

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: gas quality 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% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less. Delinquent amount' is the portion of a customer's account representing charges for gas service that is past due. 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.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider.



SECTION VII. LARGE VOLUME COMMERCIAL & INDUSTRIAL

Large Volume Commercial and Industrial Firm Rates: 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 contingent on an adequate gas supply and distribution system capacity. The gas usage must be primarily for commercial and industrial usage.

Rates:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Greater than 1,250,000 BTU's	\$20.00	\$0.3999	\$0.8807

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: gas quality 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% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less.

'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.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider.



SECTION VIII. LARGE AGRICULTURAL HEATING SALES SERVICE

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

Availability:

Large Volume Agriculture Heating Sales and Service is available to Agriculture Heating customers whose peak day demands are greater than 2,500,000 BTU's contingent on an adequate gas supply and distribution system capacity. The gas usage must be used primarily for agricultural heating.

Rates:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Greater than 2,500,000 BTU's	\$35.00	\$0.3370	\$0.8178

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: gas quality 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 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% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less. Delinquent amount' is the portion of a customer's account representing charges for gas service past due. 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.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider.



SECTION IX. LARGE AGRICULTURAL DRYING SALES SERVICE

Large Agricultural Drying Firm Rates: CFR (Cat-5)

Availability:

Large Volume Agriculture Drying Sales and Service is available to Agriculture Drying customers whose peak day demands are greater than 2,500,000 BTU's contingent on an adequate gas supply and distribution system capacity. The gas usage must be used primarily for agricultural drying.

Rates:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Greater than 2,500,000 BTU's	\$35.00	\$0.36200	\$0.8428

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: gas quality 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 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% or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less. Delinquent amount' is the portion of a customer's account representing charges for gas service past due. 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.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider.

SECTION X. STANDBY PEAKING SALES SERVICE RIDER

Availability:

This Rider applies to Residential, Commercial and Industrial Sales Service customers whose primary space heating energy is not natural gas and who require firm natural gas peaking service as a standby fuel during winter months. Customers receiving service under this Rider are subject to all provisions of the Residential Sales Service or Commercial and Industrial Sales Service Tariffs, as applicable, except as noted.

Rates:

Customers will be billed under the appropriate Residential Sales Service or Commercial and Industrial Sales Service rate schedules. In addition, the following will also apply:

Fixed standby charges:

Residential Per Month
\$ 4.00

Commercial/Industrial Per Month
\$ 8.00

Terms:

Customers must enter into this Rider for a minimum period of one (1) year.

SECTION XI. 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.

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 governing rate board, the total billing rate for any customer class will be the applicable cost of gas, approved rate (monthly basic plus delivery charge) 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 New Area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists. The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self-supporting. A total NPV of approximately zero (\$0) will show a project is self-supporting. The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be: The actual capital costs and projected remaining capital costs for the project. Number of customers used to calculate the surcharge revenue and the retail margin revenue. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.



SECTION XII. 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 Dooley's Natural Gas II LLC.'s gas service rate schedule(s), there shall be added to or deducted from the monthly bill computed thereunder 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 Dooley's Natural Gas II LLC.'s latest company rate filing by rate class, expressed as a cost per Therm. In the event that Dooley's Natural Gas II LLC. finds it necessary to supplement the supply of natural gas by means of peak shaving, an amount per Therm shall be added to or deducted from the Gas Cost Reconciliation factor applied to firm gas service sales. This peak shaving amount shall be determined by dividing the difference between the peak shaving costs for the current twelve (12) month period ending June 30, and the peak shaving costs for the base period used for establishing the rate schedules to which this rider applies, by the total Therm sales to firm gas service customers for the current twelve (12) month period (adjusted to reflect normal temperature). To the extent peak shaving is used to serve dual fuel customers, an appropriate adjustment will be made.

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) NNG Delivery Fees is defined as the Town Border Station (TBS) Reservation Rate.
- c) US Energy's Management Fee is defined as the commodity based charge for sourcing and balancing the DNG gas supply.
- 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 Dooley's Natural Gas II LLC. 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. Dooley's Natural Gas II LLC. will add interest to the un-refunded balance at the prime interest rate.

STATEMENT OF PURCHASED GAS ADJUSTMENTS

Effective _____, 2____, the rate schedules listed below will be changed as provided in the Purchased Gas Adjustment Rider.

RATE SCHEDULE PAGE (SECTION V)	\$ PER THERM		
	PREVIOUS PGA EFFECTIVE _/_/_	CURRENT ADJUSTMENT	PGA EFFECTIVE _/_/_
Residential Sales Service-Cat 1	(._____)	._____	(._____)
Small Volume Commercial-Cat 2	(._____)	._____	(._____)
Large Volume Commercial and Industrial-Cat 3	(._____)	._____	(._____)
Agricultural Heating-Cat 4	(._____)	._____	(._____)
Agricultural Drying-Cat 4	(._____)	._____	(._____)



SECTION XII. 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 Dooley's Natural Gas II LLC, whether imposed by ordinance, franchise or otherwise applicable to gas service supplied by Dooley's Natural Gas II LLC 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 fees, 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 fees. 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 Dooley's Natural Gas II LLC a franchise to operate within the city limits. A Gas franchise fee of x.x% 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 "Franchise Fee." Dooley's Natural Gas II LLC remits 100% of this fee to the MUNICIPALITY.

SECTION XIV. LARGE COMMERCIAL/INDUSTRIAL CREDIT POLICY RIDER

Applicability

Applicable to any Commercial or Industrial customer who is reasonably expected to use more than 1,200,000 therms of natural gas in a twelve month period. The reasonable expectation of usage shall be calculated based on historical consumption on the property, any increased or decreased heating and/or processing load and the customer's declared usage needs. Special conditions are listed below.

Methods

1. Prior to providing gas service to new customers to whom the rider is applicable, or prior to continuing to provide gas service to existing customers to whom the rider is applicable, Dooley's Natural Gas II LLC may request a credit report from an independent credit bureau. If an independent credit bureau report is not available, or if such report does not provide sufficient financial information, Dooley's Natural Gas II LLC may ask the customer to provide their most recent financial information (e.g., income statement, balance sheet and cash flow statements).

2. In the case of existing customers, financial information may be requested on an annual basis for any customer expected to use more than 1,200,000 therms per year, or whenever:

- a. the customer is planning a plant/facility expansion resulting in increased gas use of more than 500,000 therms per year;
- b. there is a merger or acquisition with another party;
- c. the customer is delinquent in paying their gas bill;
- d. Dooley's Natural Gas II LLC must upgrade its facilities to provide the customer with gas;
- e. there is evidence of other tangible economic or operational issues that may impact the customer's financial stability.

3. If Dooley's Natural Gas II LLC determines that the customer's most recent financial information indicates objective reasons for concern that the customer may not be able to pay its bills, Dooley's Natural Gas II LLC may require the customer to provide a "credit enhancement."

a. The following are indications that a customer may not be able to pay its bills:

- i. The customer has an unsatisfactory credit rating;
- ii. The customer has an insufficient prior credit history upon which a credit rating may be based;
- iii. The customer's audited financial reports indicate net losses from operations;
- iv. The customer's audited financial reports indicate negative cash flow from operations;
- v. The customer's audited financial reports indicate current liabilities that exceed their current assets;
- vi. The customer's audited financial reports indicate deficit retained earnings;
- vii. The customer has substantial unresolved claims against the company (i.e., lawsuits, guarantees of another's indebtedness, environmental issues);
- viii. The customer's auditors' opinion discloses that there is doubt about the company's ability to continue as a going concern;
- ix. The customer's bond ratings are below "investment grade;" or
- x. The customer is uninsurable or under-insurable.

4. Acceptable “credit enhancements” that Dooley’s Natural Gas II LLC may require to assure payment of bills include:

- a. A guarantee of payment by a third party with a financial condition acceptable to Dooley’s Natural Gas II LLC;
- b. A deposit equal to 2 months’ gas usage and, if the customer is a new customer or Dooley’s Natural Gas II LLC is incurring costs to upgrade its system to serve an existing customer, the amount of any capital incurred to serve the customer. For new customers or customers that are expected to increase their usage, the deposit calculation will be based on reasonably estimated property, any increased or decreased heating and processing load and the customer’s intended usage.
- c. A surety bond or irrevocable letter of credit equal to 2 months’ gas usage and, if the customer is a new customer or Dooley’s Natural Gas II LLC is incurring costs to upgrade its system to serve an existing customer, the amount of any capital incurred to serve the customer.
- d. An agreement that the customer will be billed and will remit payment on a weekly basis; or
- e. An agreement, if applicable, that the customer will procure gas supplies from a third party and utilize Dooley’s Natural Gas II LLC only as a transport service to deliver the gas to its facility.

5. If Dooley’s Natural Gas II LLC does require a “credit enhancement,” it may request financial information (either an independent credit report or financial information from the customer) on a monthly or quarterly basis to assess any changes in the customer’s financial condition. In any case, Dooley’s Natural Gas II LLC will review the customer’s financial condition at least annually.

- a. If the financial condition has improved, Dooley’s Natural Gas II LLC will refund any or all of the deposit required or reduce the amount of any bond or irrevocable letter of credit or otherwise reduce or remove the credit enhancement requirement.
- b. If the customer does not agree to the required credit enhancement or becomes more than 30 days delinquent, Dooley’s Natural Gas II LLC may refuse to serve the customer (if a new customer) or initiate the disconnection of gas service process immediately (if an existing customer) unless the customer makes credit arrangements or provides other credit enhancements acceptable to Dooley’s Natural Gas II LLC. Prior to initiating the disconnection of gas service, Dooley’s Natural Gas II LLC will notify the customer of the disconnection action by phone and either e-mail or fax.

Special Conditions

- 1. All provisions of the rate schedule under which a customer currently takes service apply unless otherwise changed by this Rider.
- 2. Any deposit is not automatically used to cover an overdue bill.



SECTION XV. GENERAL INFORMATION

These Rules and Regulations filed as part of the Dooley's Natural Gas II LLC Rate Book are intended to promote safe and adequate service to the public, to provide standards for uniform and reasonable practices by Dooley's Natural Gas II LLC, 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.

Dooley's Natural Gas II LLC shall furnish service under these Rules and Regulations and its rate schedules. Copies of this Rate Book are available for inspection at the Dooley's Natural Gas II LLC office. No representative of Dooley's Natural Gas II LLC has authority to modify any provision contained in this Rate Book or to bind Dooley's Natural Gas II LLC by any contrary promise or representation.



SECTION XVI. 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. Application may be made in person at Dooley's Natural Gas II LLC's business office, by telephone, by fax, by email, or by mail. Application for service must be made and accepted by Dooley's Natural Gas II LLC prior to the commencement of Dooley's Natural Gas II LLC's service.

Rejection of Application

Dooley's Natural Gas II LLC 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) Customer doesn't follow the Dooley's Natural Gas Terms & Conditions;
- 6) Dooley's Natural Gas II LLC and/or its pipeline supplier are unable to provide the necessary gas supply.

Duration

Dooley's Natural Gas II LLC 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 the Dooley's Natural Gas II LLC'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. Dooley's Natural Gas II LLC 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, Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC, 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 XVII. GAS MAINS

Dooley's Natural Gas II LLC will install gas mains under the following guidelines and conditions:

Gas Main Design and Ownership

Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC. No building, structure or slab shall be constructed over a gas main without Dooley's Natural Gas II LLC's 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 Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC prior to installation of gas mains.

Economic Feasibility

Dooley's Natural Gas II LLC 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, Dooley's Natural Gas II LLC shall take into consideration the total cost of serving the applicant and the expected revenue from the applicant.

Once Dooley's Natural Gas II LLC waives any additional customer charges for main and service extensions, Dooley's Natural Gas II LLC cannot at any point recover those charges from ratepayers.

Economic Feasibility (Continued)

(A) General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

$$\text{Maximum Allowable Investment} = \left[\text{Annual Basic Service Charge} + \frac{(\text{Estimated Annual DK} \times \text{Distribution Delivery Rate})}{\text{Capital Recovery Rate (CRR)}} \right] - \text{Embedded Cost where CRR} = .28007$$

$$\begin{aligned} \text{Ex: Basic Service Charge} &= 240.00 \\ \text{Estimated Annual DK} &= 13,600.00 \\ \text{Distribution Delivery Rate} &= 5.50 \text{ DK} \\ \text{Embedded Cost} &= 250,000.00 \\ &= \left[240.00 + (13,600.00 \times 5.50) / .28007 \right] \\ &= 17,933.00 \end{aligned}$$

250,000.00

4. Cost of the extension shall include the gas main extension(s), and other costs including the distribution meter and regulator.
The service line is that portion of the gas service extending from the gas main to the connection at the house regulator and / or meter.
5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A 1/P1), not to exceed 12 percent per annum.
7. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 4 months of such installation.

(B) Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

1. Contribution

- (a) When a contribution is required, the customer (s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with A.3.
- (b) The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at a rate not to exceed New York Prime Plus 5%.
- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- (d) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.
- (e) The recalculated contribution requirement shall be collected from the new applicant(s).

Expense of Installation - Gas Mains

If in the opinion of Dooley's Natural Gas II LLC, gas service is not now, nor ever will be, economically feasible, Dooley's Natural Gas II LLC 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 to Dooley's Natural Gas II LLC for the portion of the capital expenditure and annual operating costs not justified by the annual revenue.

The applicant may pay the contribution in equal monthly installments over a period not to exceed ninety (90) days interest free.

Expense of Installation - Gas Mains (Continued)

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. determines the conditions justify such installation.

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. 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. (See Section XXIX, on page 49.) Winter construction will not be undertaken by Dooley's Natural Gas II LLC 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, Dooley's Natural Gas II LLC 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 150 ft. of gas main allowance per residential structure using gas for primary space heating, calculated at \$3.00 per foot for each foot of gas main in excess of the allowance. The advance must be received before construction begins.

SECTION XVIII. GAS SERVICE LINES

Gas Service Line Design

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC.

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. Dooley's Natural Gas II LLC. holds the sole right to determine whether a facility meets the stated qualifications before providing gas service. In making this determination, Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. or its authorized agents. No building, structure or slab shall be constructed over a gas service line without Dooley's Natural Gas II LLC.'s prior written consent. Dooley's Natural Gas II LLC. has the right to recover the costs of relocating services if the customer has impaired Dooley's Natural Gas II LLC.'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 Dooley's Natural Gas II LLC. deems it necessary and desirable to do so and all necessary easements are obtained without cost to Dooley's Natural Gas II LLC. Gas service lines will not be extended beyond the outlet side of the gas meter.

Dooley's Natural Gas II LLC. will not install more than one gas service line to the same premise unless Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC., 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 Dooley's Natural Gas II LLC. in making the installation. (See Section XXIX, Page 49.) 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 Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. where prohibited by law or where it is not practical or prudent to install gas service pipe during the winter season. (See Section XXIX, Winter Construction details, Page 49.)

Gas Service Line to Curb

Dooley's Natural Gas II LLC. 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) Dooley's Natural Gas II LLC.'s gas main is located in the street;
- 4) The street is scheduled for permanent paving or resurfacing.
- 5) Dooley's Natural Gas II LLC. determines that gas service to abutting property owners will be requested within five (5) years from the permanent paving or resurfacing.

Maintenance and Responsibility

Dooley's Natural Gas II LLC. 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. Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. at the customer's or contractor's expense. (See Section XXIX, Page 49.)

If the service line alteration will result in additional sales, Dooley's Natural Gas II LLC. will calculate the alteration charge with consideration of the estimated incremental revenues resulting from the change.

Notice to Dooley's Natural Gas II LLC. 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, Dooley's Natural Gas II LLC. shall be notified in ample time so that it may properly protect and care for its facilities.

Economic Feasibility

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. 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, Dooley's Natural Gas II LLC. will furnish and install a gas service line of suitable capacity from its gas main to a normal meter location, satisfactory to Dooley's Natural Gas II LLC., subject to the following qualifications:

1) Dooley's Natural Gas II LLC. 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 75 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, Dooley's Natural Gas II LLC. may require the applicant to make a non-refundable contribution in aid-of-construction calculated at \$4.00 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 XIX. GAS METERS

Ownership, Care, and Control

All gas meters, regulators, gas service lines, and all other apparatus installed by Dooley's Natural Gas II LLC. upon the customer's premises for the purpose of delivering gas to the customer are the property of Dooley's Natural Gas II LLC. and may only be detached, removed, repaired, or replaced by Dooley's Natural Gas II LLC. or its authorized agent.

The customer shall exercise reasonable care to prevent the gas meters, regulators, gas service lines and other apparatus of Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. immediately. Dooley's Natural Gas II LLC. 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

Dooley's Natural Gas II LLC. has the right to specify the type, kind, and size of the gas meter to be installed.

Location of Gas Meter

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC.'s metering equipment to vehicular traffic, the customer will be charged for required guard post meter protection.

Dooley's Natural Gas II LLC. 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, Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC.'s expense for city limit services for the first construction season. Relocation of the gas meter may be made by Dooley's Natural Gas II LLC. 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, Dooley's Natural Gas II LLC. will calculate the meter relocation charge with consideration of the estimated incremental revenues resulting from the change.

Dooley's Natural Gas II LLC.'s Right to Remove a Gas Meter

Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. Failure by the customer to respond to the notice shall be deemed as consent to the removal.

Dooley's Natural Gas II LLC.'s Right to Test a Gas Meter

Dooley's Natural Gas II LLC. policies and procedures are consistent with Minnesota Rules 7820.3900, Adjustment of Gas Bills.

Dooley's Natural Gas II LLC. reserves the right to remove and test all gas meters.

A customer may request a test of the gas meter for accuracy. Dooley's Natural Gas II LLC. 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.



SECTION XX. CUSTOMER DEPOSITS

Dooley's Natural Gas II LLC policies and procedures are consistent with Minnesota Rules 7820.4100 - 7820.4700, Deposit and Guarantee Requirements.

Amount of Deposit

Dooley's Natural Gas II LLC. may require a new or an existing customer to make a deposit to Dooley's Natural Gas II LLC. 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. Dooley's Natural Gas II LLC. does not require a deposit or guarantee of any customer or applicant who has established good credit with Dooley's Natural Gas II LLC. unless that customer is renting a property.

Dooley's Natural Gas II LLC. 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. Dooley's Natural Gas II LLC. 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.

Dooley's Natural Gas II LLC. will calculate interest as of December 31st of each year for each deposit and will credit the depositor's account for this amount.

Dooley's Natural Gas II LLC. 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 XXI. ACCESS TO CUSTOMER PREMISES

Dooley's Natural Gas II LLC.'s policy is consistent with Minnesota Rule 7820.3100, Uniform Access to Customer's Premises.

Uniform Access

All properly authorized agents of Dooley's Natural Gas II LLC. 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 Dooley's Natural Gas II LLC. authorized to enter, or go upon the customer's premises or property is provided with an identification card by Dooley's Natural Gas II LLC. The identification card is signed by an officer of Dooley's Natural Gas II LLC. 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 XXII. 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 Dooley's Natural Gas II LLC is unable to gain access to a meter, it shall leave a meter reading form for the customer.

Dooley's Natural Gas II LLC may permit the customer to supply meter readings, providing a Dooley's Natural Gas II LLC 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.

Dooley's Natural Gas II LLC 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

Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC, except that the duration of a payment agreement offered by Dooley's Natural Gas II LLC 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. Dooley's Natural Gas II LLC must not bill for any undercharge incurred after the date of a customer inquiry or complaint if Dooley's Natural Gas II LLC failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge.



SECTION XXIII. 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% (18% annually) or \$1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is \$10.00 or less.

"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.

Late Payment Charge

Dooley's Natural Gas II LLC 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

Dooley's Natural Gas II LLC shall offer payment agreements to residential customers for the payment of arrears. Payment agreements shall consider the customer's 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 XXIV. DISCONTINUANCE OR REFUSAL OF GAS SERVICE

Dooley's Natural Gas II LLC 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) Dooley's Natural Gas II LLC, 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

Dooley's Natural Gas II LLC shall reconnect 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. Dooley's Natural Gas II LLC must receive from a medical doctor written certification, or initial certification by telephone and written certification within 5 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 XXV. DISCONTINUANCE OR REFUSAL OF GAS SERVICE -DURING COLD WEATHER

Scope

This Section 28 applies only to Residential Customers of Dooley's Natural Gas II LLC.

Definitions

The following definitions apply in this Section 28:

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 agreed-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 Section 28;
 - 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 this service, and
 - c. A statement that the residential customer should contact the person the customer intends to designate as a third party contact before providing the Company with the party's name.
9. **Company** – means the Minnesota Operations of Dooley's Natural Gas II LLC.
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 a 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, Dooley's Natural Gas II LLC 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; provide 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 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 the 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 months;
 - c. Documentation that the customer receives a pension for the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;
 - d. A letter showing the customer's 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 stat median income is deemed to be automatically eligible for protection under this Section 28 and no other verification of income may be required.

Prohibitions and Requirements

This subsection 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 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 Dooley's Natural Gas II LLC has deposited in first class mail 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 Dooley's Natural Gas II LLC has reasonably determined from an on-site 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.

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 extenuation 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 are 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 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 services initiated by the Company that affects the primary heat source of a residence and service is not reconnected within 24 hours.



SECTION XXVI. RESPONSIBILITES

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 Dooley's Natural Gas II LLC of any suspected gas leaks or a faulty gas supply.

The customer shall reimburse Dooley's Natural Gas II LLC for any loss of or damage to Dooley's Natural Gas II LLC's property located on the premises when such loss or damage is not caused by any act or omission on the part of Dooley's Natural Gas II LLC.

Termination of Dooley's Natural Gas LLC's Responsibility

Dooley's Natural Gas II LLC's responsibility for installation and maintenance of all gas piping and equipment shall terminate at the gas meter. Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC shall not be construed to impose any liability upon Dooley's Natural Gas II LLC to the customer, or to any other person by reason thereof, and Dooley's Natural Gas II LLC 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 XXVII. CUSTOMER SERVICE

General

The goal of Dooley's Natural Gas II LLC'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

Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC's property
- 2) Maintenance of Dooley's Natural Gas II LLC-owned equipment of customers' premises including meters, regulators, or service lines.
- 3) Turn-on of gas meters for new customers.

"Charge" Service

Dooley's Natural Gas II LLC 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 serviceperson will not be in jeopardy.

SECTION XXVIII. CUSTOMER REQUESTED UTILITY WORK

This section details the costs for utility work requested by customers to be performed by Dooley's Natural Gas II LLC 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, Dooley's Natural Gas II LLC 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 Section XXIX, will be completed at the customer's or contractor's expense. The charge will be determined individually by Dooley's Natural Gas II LLC 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 Dooley's Natural Gas II LLC 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 \$12.00 per foot

Residential Service Line \$4.00 per foot

Commercial Service Line \$8.00 per foot

SECTION XXIX. TERMS & CONDITIONS

Terms and Conditions

As of March, 2016

Definitions

Residential Customer: A customer that consumes natural gas primarily for personal, family or household purposes.

Commercial Customer: A customer engaged primarily in selling goods or services excluding manufacturing and electric power generation as well as service to institutions and local, state, and federal governmental departments and agencies.

Industrial Customer: A customer engaged primarily in a process that creates or changes raw or unfinished materials into another form or product.

Agricultural Drying Customer: A customer that consumes natural gas primarily for drying agricultural goods.

Agricultural Heating Customer: A customer that consumes natural gas primarily for heating an area that includes livestock.

Fees & Charges

Your Dooley's Natural Gas II bill will include:

Base Cost of Gas: flat amount each month to cover a costs incurred if the customer does not use gas during the billing period.

Monthly Meter Charge: monthly meter rental charge.

Delivery Charge: based on the amount of gas delivered, to cover the costs of delivering gas not covered by the basic charge.

Purchase Gas Adjustment: reflects the difference between the base cost of gas established at the time of our most recent rate case and the price paid to purchase and transport the gas you used during this billing period.

Franchise Fee: fee charged by a city to a utility company that provides natural gas. Utilities will collect the fee from individual customers and pay it directly to the city. DNGII receives no revenue from this fee.

Interim Increase: Regulated by the Clara City Public Utilities Commission (CCPUC) this fee to help recover the cost of providing natural gas service to its customers.

Sales Tax: sales tax applies to all charges on your Dooley's Natural Gas II bill except any late charges.

*This charge is only applied when rates are up for review by the proper rate commission.

Other Fees & Charges

Taxes: The customer is responsible for all applicable Federal, State, and local taxes. It is the customer's responsibility to provide Dooley's Natural Gas II with the required exemption form if you are a tax-exempt entity.

Finance Charge: A finance charge is computed by a periodic rate of 1.5% per month (or a minimum charge of \$.50 for balances under \$33.33) which is an annual percentage of 18.0%. The finance charge is computed on the adjusted balance. The adjusted balance is the pervious balance less payments and credits appearing on your statement.

Reconnection Fee: A reconnection fee of \$50.00 will be charged to your account if your service is disconnected for any reason. This fee must be paid in full along with current account balance before reconnection will occur.

Insufficient Funds Fee: Any payment to your account that is not accepted for the full amount, including insufficient funds associated with a bank draft payment, even if payment is accepted on resubmission, will be assessed a non-refundable fee of no more than \$30.00

Residential Connection Fee: Under 75' of service line-\$500.00; 75'-100' of service line-\$750.0. This residential fee will be waived for residential customers with sign up during the first construction season.



Billing

If you think your bill is incorrect or you would like further information you may contact us via e-mail at naturalgas@dooleypetro.com or by phone at 320-847-2439. Please be prepared to give us your Customer ID and the physical address you are calling about.

It is the responsibility of the customer to inform Dooley's Natural Gas II of any address/name changes to the account. If a customer moves out of a property and does not inform us of a forwarding address nor provide us with information about to whom the property is being sold to the customer is responsible for all charges to that account.

Renters Deposit

All customers renting a property that uses Dooley's Natural Gas II to supply them with gas usage will be required to make a security deposit starting May 2016. If no deposit is made within 10 days of the move in date given to us the meter on that property will be locked and no gas will be supplied to that address. When service is terminated and if your account balance is zero the deposit will be mailed to the forwarding address you provide to us. If the account is not at a zero balance the deposit will be used to cover those costs.

Budget Plan

Dooley's Natural Gas II offers a budget plan for customers that are interested in not having a heavy financial burden during the winter months. The budget plan is not available to renters at this time. The budget plan is based on the previous year's total usage. The budget plan will start in May of each year. On April 30th of each year your account must either have a credit or be at a zero balance. Budget plan payments will only be made electronically through the customer's bank account on the 25th of each month. If two payments are declined by your financial institution you will automatically be removed from the budget plan. If you are interested in this payment option please contact our office to have a form sent out to you.

*If an entire year's worth of usage is not available due to new service line we will estimate usage.

Electronic Statements

We offer the option for customers to go paperless with their monthly statements. By receiving your statements via email you can make a small difference with massive implications. Going green has never been simpler. If you are interested in going green with Dooley's Natural Gas II please contact the office for a form to fill out and return.

Automatic EFT Drafting

Our automatic EFT drafting option offers our customers a worry free form of payment. By signing up we will draft your account automatically for you on the 25th of every month. All you need to do is call the office and request a form to fill out with your banking information and return to us. It's that easy! By enrolling in autopay your monthly payment will be automatically deducted from your bank account. If your draft gets returned to us twice in a 12 month period you will automatically be taken off this payment plan. Dooley's Natural Gas II is not responsible for any fees associated from a returned ACH by the bank.

Online Bill Pay

Dooley's Natural Gas II has the ability to pay your bill online. You can sign up yourself on our website at www.dooleysnaturalgas.com. After your account has been set up you can view all your account history, past payments and even set up your very own payment process. View your full account details 24/7. If you need help getting your account set up feel free to contact the office for help getting all necessary information as we would be more than willing to help.

Pay by Phone

Customers may also pay their bill by calling the office directly at 320-847-2439 and giving card information over the phone.



Assistance

If you need help paying your gas utility bill please visit our website at www.dooleysnaturalgas.com for assistance programs in our area or call our office at 320-847-2439.

Service

Your meter is the property of Dooley's Natural Gas II. Any tampering with the meter or reconnecting of natural gas service is dangerous and violates federal safety regulations and state laws. Any tampering is subject to criminal prosecution. You will be responsible for all legal fees.

Terms and Conditions

Dooley's Natural Gas II reserves the right to revise these Terms and Conditions at any time. The most current version of the Terms and Conditions may be found online at www.dooleysnaturalgas.com.

Extraordinary Events

In the event of an act of God, extraordinary weather occurrence, a pipeline outage, an act or consequence of war, civil disturbance, or other state or national emergency that makes it impossible for Dooley's Natural Gas II to perform, these terms and conditions shall be excused for the duration of the event. If such conditions occur we may discontinue service without notice.

Contact Information

If you have any questions, need to obtain information or are unsatisfied with any aspect of your Dooley's Natural Gas II account, please contact us at the following:

Dooley's Natural Gas
PO Box 100
Murdock, MN 56271



Dooley's Natural Gas
320-847-2439



Dooley's Natural Gas
naturalgas@dooleypetro.com

MINNESOTA COLD WEATHER RULE

The Cold Weather Rule does not totally forbid winter cutoffs. If you receive a disconnection notice this winter, you must act promptly.

Some customers find it hard to pay their utility bills in the winter. The Minnesota Public Utilities Commission set up the Cold Weather Rule to protect residential customers from shut-off if they cannot pay their bills in full. This protection lasts from October 15 through April 15. You may qualify for the protection if you meet both of the following conditions:

1. The disconnection would affect your main heating source, and
2. You:
 - Qualify for an Inability to Pay Plan, or
 - Qualify for a Ten Percent Plan, or
 - Both you and the utility agree to a payment schedule.

If your service has already been shut off as of October 15, the Cold Weather Rule offers a Reconnection Plan, which may allow you to have your service turned back on. The Cold weather rule does not totally forbid winter shut off. If you receive a shut off notice this winter, you must act promptly.

Notice of Proposed Disconnection

If you receive a Disconnection Notice, you will also receive:

1. Information on your rights & responsibilities, and
2. Information on ways to reduce energy use, and
3. A list of agencies that can help pay utility bills, and
4. A list of weatherization providers, and
5. An Inability to Pay or 10 Percent Plan form.

If you want to apply for Inability to Pay or the Ten Percent Plan:

1. Fill out the form and send it along with your proof of income, in the enclosed envelope to Dooley's Natural Gas II, LLC, **and**
2. Call Dooley's Natural Gas II, LLC on or before the due date listed on the notice of proposed disconnection, to set up a payment plan.

Dooley's Natural Gas II, LLC may appeal your request to the Public Utilities Commission if there is reason to believe you do not qualify. The Commission will contact you by letter, and will require proof of your claim to qualify for Inability to Pay or the 10% Plan and will make a decision. The Commission has 30 days to make a decision after receipt of the utility's written appeal.

Cold Weather Rule Options

If you receive a Disconnection Notice, there are three plans for which you might qualify: Inability to Pay, Ten Percent Plan, or Reconnection Plan.

Inability to Pay

To qualify for "Inability to Pay" you must be a residential customer who:

1. Was fully paid up, or reasonably on time with a payment plan as of October 15, and
2. Meets income guidelines set by the government, and
3. Cannot pay the full energy bill, but is willing to make a payment plan.
4. If you qualify for Inability To Pay, and Dooley's Natural Gas II, LLC accepts your application and you make your required scheduled payments, we cannot shut off your energy service between October 15 and April 15.

Ten Percent Plan

To qualify for this plan – you must be a residential customer and must meet these three criteria:

1. Was not fully paid up or reasonable on time with a payment plan as of October 15,
2. Has household income less than 50 percent of the state median income.
3. Agrees to pay the lesser of:
 - A. 10 percent of monthly household income (if you receive service from more than one utility, your payments will be divided among them.)
 - B. The full amount of the current bill not including arrears.
4. If you qualify for the 10 Percent Plan, and you make your required monthly payments, Dooley's Natural Gas II, LLC cannot disconnect your service between October 15 and April 15.



SETTING UP A PAYMENT PLAN

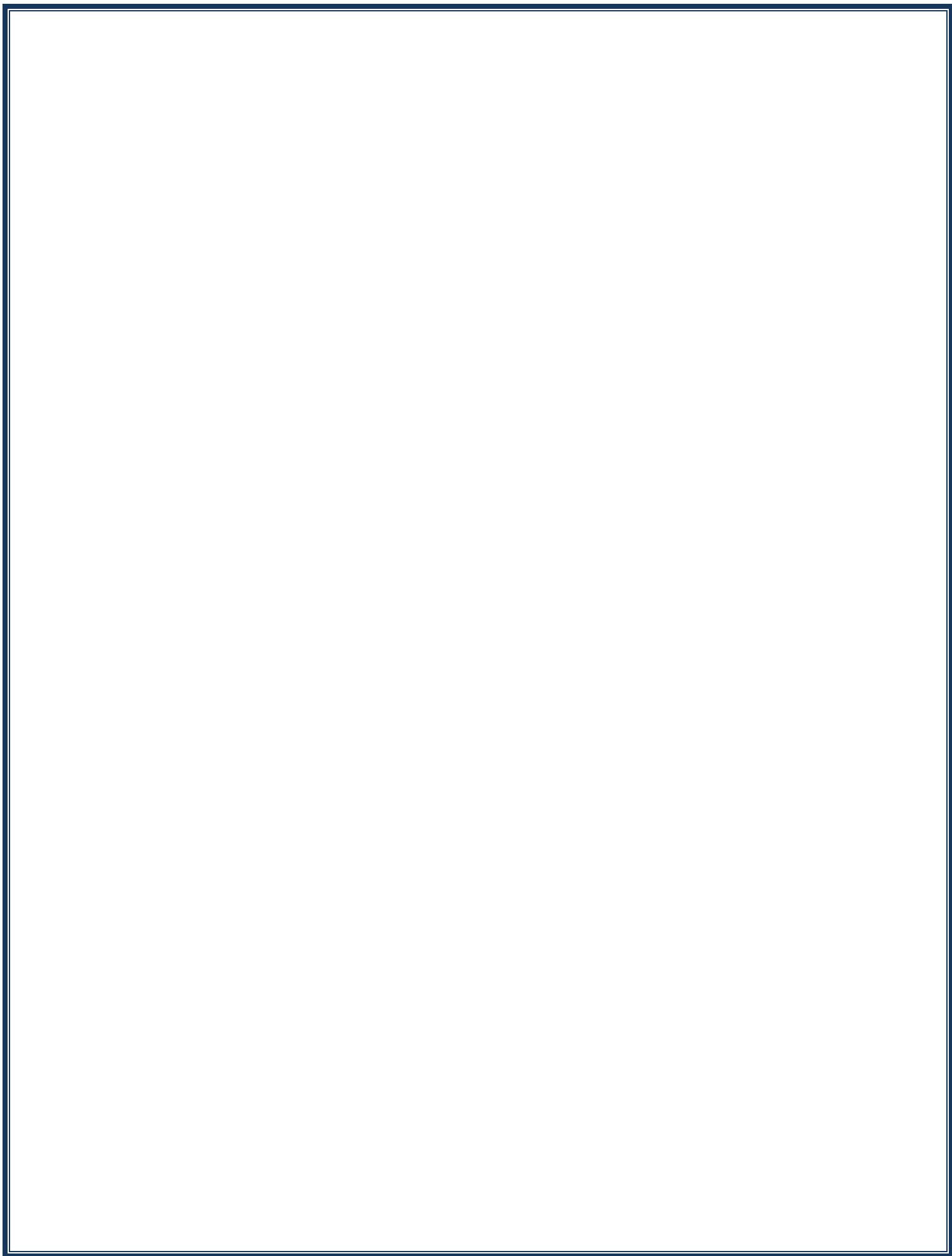
If you cannot pay your full utility bills and need to make special arrangements, call Dooley's Natural Gas II, LLC at 320-847-2439 to enter into a payment plan, which is acceptable to both you and Dooley's Natural Gas II, LLC. The schedule must cover everything you already owe plus payment for the amount of gas you are expected to use over the time your payment plan covers. If the plan you request is not acceptable to Dooley's Natural Gas II, LLC, your service may be disconnected. First, however, the customer has the right to appeal to the General Manager of Dooley's Natural Gas II, LLC for a decision on what a fair payment schedule would be.

FINANCIAL ASSISTANCE

If you have trouble paying your utility bills, contact your local agency as they may be able to provide payment assistance:

THIRD PARTY NOTIFICATION

Customers have the right to request that Dooley's Natural Gas II, LLC notify a third party if their service becomes subject to disconnection. A third party can be a friend, relative, church or community agency. A third party is NOT responsible for payment of the customer's bill, but may assist the customer in setting up a payment plan. If your personal circumstances require a third party, please complete and detach the form provided with this notice, have the third party sign the form and send it to Dooley's Natural Gas II, LLC.



ATTACHMENT D

Brooten and Belgrade

Approval of Rate and Tariff Book

*Acknowledgement of Receipt
of
DNGII
Rates/Services & Regulations Book*

Date: 6-06-16

City/Township: Belgrade

I, Richard Tschida hereby acknowledge that on June 16 - 2016,
a representative of Dooley's Natural Gas II, delivered to me
a copy of DNG II's Rates/Services & Regulations book. I am a representative of
Belgrade (City/Township), and will keep the mentioned book for future
reference.

Signed

Richard Tschida Mayor City/Township Representative

Michael Johnson Dooley's Natural Gas II Representative

DOOLEY'S
 **NATURAL GAS II**

*Acknowledgement of Receipt
of
DNGII
Rates/Services & Regulations Book*

Date: May 23, 2016

City/Township: City of Brooten

I, Larry Putz hereby acknowledge that on May 23, 2016,
a representative of Dooley's Natural Gas II, delivered to me
a copy of DNG II's Rates/Services & Regulations book. I am a representative of
City of Brooten (City/Township), and will keep the mentioned book for future
reference.

Signed

Larry Putz

City/Township Representative

Michael Glen

Dooley's Natural Gas II Representative

DOOLEY'S
NATURAL GAS II