

Public Service Commission of Montana



Montana-Dakota Utilities Co.

400 N 4th Street
Bismarck, ND 58501

Natural Gas Service

Volume No. 7
Original Sheet No. 32

TRANSPORTATION SERVICE Rates 81 and 82

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Availability:

This service is applicable for transportation of natural gas to customer's premise (metered at a single delivery point) through the Company's distribution facilities. In order to obtain transportation service, customer must qualify under an applicable gas transportation service rate; meet the general terms and conditions of service provided hereunder; and enter into a gas transportation agreement upon request of the Company.

The transportation services are as follows:

Small Interruptible General Gas Transportation Service Rate 81:

Transportation service is available for all general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point, whose average use of natural gas will not exceed 100,000 dk annually, and who, absent the request for transportation service, are eligible for natural gas service, on an interruptible basis, pursuant to the Company's effective Small Interruptible General Gas Service Rate 71. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 70.

Large Interruptible General Gas Transportation Service Rate 82:

Transportation service is available for all general gas service customers whose interruptible natural gas requirements will exceed 100,000 dk annually metered at a single delivery point, and who, absent the request for transportation service, are eligible for natural gas service pursuant to the Company's effective Large Interruptible General Gas Service Rate 85. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be treated and billed in accordance with the provisions of Firm General Gas Service Rate 70.

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Rate:

Basic Service Charge:

| | |
|--------------------|--------------------|
| <u>Rate 81</u> | <u>Rate 82</u> |
| \$312.00 per month | \$567.25 per month |

Transportation Charges:

| | | |
|---------------------|----------------|----------------|
| | <u>Rate 81</u> | <u>Rate 82</u> |
| Maximum Rate per dk | \$0.794 | \$0.582 |
| Minimum Rate per dk | \$0.101 | \$0.050 |

Adjustment Clauses:

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Gas Tax Tracking Adjustment Rate 87
2. Universal System Benefits Charge Rate 89

General Terms and Conditions:

1. CRITERIA FOR SERVICE – In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. Customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).
2. REQUEST FOR GAS TRANSPORTATION SERVICE- To qualify for gas transportation service, customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company's existing operating capacity permits.

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3. **MULTIPLE SERVICES THROUGH ONE METER:**
 - a. In the event customer desires firm sales service in addition to gas transportation service, customer shall request such firm volume requirements, and upon approval by the Company, such firm volume requirements shall be set forth in a firm service agreement. For billing purposes, the level of volumes so specified or the actual volume used, whichever is lower, shall be billed at Rate 70. Volumes delivered in excess of such firm volumes shall be billed at the applicable gas transportation rate. Customer has the option to install, at their expense, piping necessary for separate measurement of sales and transportation volumes.
 - b. Customer shall pay, in addition to charges specified in the applicable gas transportation rate schedule, charges under all other applicable rate schedules for any service in addition to that provided herein (irrespective of whether customer receives only gas transportation service in any billing period).
4. **PRIORITY OF SERVICE** - The Company shall have the right to curtail or interrupt deliveries without being required to give previous notice of intention to curtail or interrupt, whenever, in its judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, §V.10.
5. **STANDBY REQUIREMENTS:**
 - a. If Company-approved equipment and fuel for standby service is not installed and maintained, the Company, in its discretion, may install automatic shut-off equipment in order to allow for the interruption of natural gas supply. The cost of the equipment and its installation shall be paid for by customer. The cost shall be the current market price for

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such equipment including the current installation costs. Such contribution in aid, as adjusted for federal and state income taxes, must be paid prior to the installation of such equipment unless otherwise agreed to by the Company. Such equipment will be maintained by the Company and will remain the sole property of the Company. The Company may remove such equipment when service hereunder is terminated.

- b. Customer shall provide and maintain, at no cost to the Company, a 120 volt, 15 ampere, AC power supply or other power source acceptable to the Company and telephone service at customer's meter location(s). Customer agrees to provide and maintain, at no cost to the Company, any necessary telephone enhancements to assure the Company of a quality telephone signal necessary to properly operate equipment. Customer shall pay all charges for continuous electric and telephone service associated with the Company's connection of the automatic shut-off equipment, and any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.
 - c. Customer's firm load must be separately metered if Company-approved equipment and fuel for standby service is not installed and maintained.
6. PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken above that received on customer's behalf, shall be billed at the charges applicable under Firm General Gas Service Rate 70 (excluding the Basic Service Charge), plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$50.00 per dk of gas used in excess of the

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volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.

7. **CUSTOMER USE OF NON-DELIVERED VOLUMES** - In the event customer's gas is not being delivered to the receipt point for any reason and customer continues to take gas, customer shall be subject to any applicable penalties or charges set forth in Paragraph 11.b. Gas volumes supplied by Company will be charged at charges applicable under Firm General Gas Service Rate 70 (excluding the Basic Service Charge). The Company is under no obligation to notify customer of non-delivered volumes.
8. **REPLACEMENT OF SUPPLEMENTAL SALES SERVICE** - In the event customer's transportation volumes are not available for any reason, customer may take interruptible sales service if such service is available. The availability of interruptible sales service shall be determined at the sole discretion of the Company.
9. **ELECTION OF SERVICE** - Prior to the initiation of service hereunder, customer shall make an election of its requirements under each applicable rate schedule for the entire term of service. If mutually agreed to by the Company and customer, the term of service may be amended. Upon expiration of service, customer may apply for and receive, at the sole discretion of the Company, gas service under the appropriate sales rate schedule for customer's operations.
10. **RECONNECTION FEE** - Transportation customers who cease service and then resume service within the succeeding 12 months, shall be subject to a reconnection charge as specified in Rate 100, §V.21.

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11. DAILY IMBALANCE -
- a. To the extent practicable, customer and the Company agree to the daily balancing of volumes of gas received and delivered on a thermal basis. Such balancing is subject to customer's request and the Company's discretion to vary scheduled receipts and deliveries within existing Company operating limitations.
 - b. In the event that the deviation between scheduled daily volumes and actual daily volumes of gas used by customer causes the Company to incur any additional costs from interconnecting pipeline(s), customer shall be solely responsible for all such penalties, fines, fees or costs incurred. If more than one customer has cause the Company to incur these additional costs, all costs (excluding those associated with Company's firm deliveries) will be prorated to each customer based on the customer's over- or under-take as a percentage of the total.
 - c. The Company may waive any penalty associated with Company adjustments to end-use customer nominations in those instances where the Company, due to operating limitations, is required to adjust end-use transportation customer nominations and such Company adjustments create a penalty situation or preclude customer from correcting an imbalance which results in a penalty.
12. MONTHLY IMBALANCE – The customer's monthly imbalance is the difference between the amount of gas received by Company on customer's behalf and the customer's actual metered use. Monthly imbalances will not be carried forward to the next calendar month.
- a. Undertake Purchase Payment – If the monthly imbalance is due to more gas delivered on customer's behalf than the actual volumes used,

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Company shall pay customer an Undertake Purchase Payment in accordance with the following schedule:

| % Monthly Imbalance | Undertake Purchase Rate |
|---------------------|-------------------------|
| 0 – 5% | 100% Cash-out Mechanism |
| > 5 – 10% | 85% Cash-out Mechanism |
| > 10 – 15% | 70% Cash-out Mechanism |
| > 15 – 20% | 60% Cash-out Mechanism |
| > 20% | 50% Cash-out Mechanism |

Where the Cash-out Mechanism is equal to the lesser of the Company's WACOG or the Index Price, as defined in Paragraph 12(c).

- b. Overtake Charge – If the monthly imbalance is due to more gas actually used by the customer than volumes delivered on their behalf, customer shall pay Company an Overtake Charge in accordance with the following schedule:

| % Monthly Imbalance | Overtake Charge Rate |
|---------------------|------------------------|
| 0 – 5% | 100% Cash-in Mechanism |
| > 5 – 10% | 115% Cash-in Mechanism |
| > 10 – 15% | 130% Cash-in Mechanism |
| > 15 – 20% | 140% Cash-in Mechanism |
| > 20% | 150% Cash-in Mechanism |

Where the Cash-in Mechanism is equal to the greater of the Company's WACOG or the Index Price, as defined in Paragraph 12(c).

- c. The Index Price shall be the arithmetic average of the "Weekly Weighted Averages Prices" published by Gas Daily for CIG Rockies and Northern Ventura during the given month. The Company's WACOG (Weighted

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Average Cost of Gas) includes the commodity cost of gas and applicable transportation charges including the fuel cost of transportation.

13. **METERING REQUIREMENTS:**

- a. Remote data acquisition equipment (telemetry equipment) required by the Company for a single customer installation for daily measurement will be purchased and installed by the Company prior to the initiation of service hereunder.
- b. Customer may be required, upon consultation with the Company, to contribute towards additional metering equipment necessary for daily measurement by the Company, depending on the location of the customer to the Company's network facilities. Enhancements and/or modifications to these services may be required to ensure equipment functionality. Such enhancements or modifications shall be completed at the direction of the Company with all associated costs the customer's responsibility. Any interruption in such services must be promptly remedied or service under this tariff will be suspended until satisfactory corrections have been made.
- c. Consultation between the customer and the Company regarding telemetry requirements shall occur prior to execution of the required service agreement.

14. **DAILY NOMINATION REQUIREMENTS:**

- a. Customer or customer's shipper and/or agent shall advise the Company's Gas Supply Department, via the Company's Electronic Bulletin Board in accordance with FERC timelines, of the dk requirements customer has requested to be delivered at each delivery point during the following day.

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Customer's daily nomination shall be its best estimate of the expected utilization for the gas day. Unless other arrangements are made, customer will be required to nominate for the non-business days involved prior to weekends and holidays.

- b. All nominations should include shipper and/or agent defined begin and end dates. Shippers and/or agents may nominate for periods longer than 1 day, provided the nomination begin and end dates are within the term of the service agreement.
 - c. The Company has the sole right to refuse receipt of any volumes which exceed the maximum daily contract quantity and at no time shall the Company be required to accept quantities of gas for customer in excess of the quantities of gas to be delivered to customer.
 - d. At no time shall the Company have the responsibility to deliver gas in excess of customer's nomination.
15. **WARRANTY** - Customer, customer's agent, or customer's shipper warrants that it will have title to all gas it tenders or causes to be tendered to the Company, and such gas shall be free and clear of all liens and adverse claims and customer, customer's agent, or customer's shipper shall indemnify the Company against all damages, costs, and expenses of any nature whatsoever arising from every claim against said gas.
16. **FACILITY EXTENSIONS** - If facilities are required in order to furnish gas transportation service, and those facilities are in addition to the facilities required to furnish firm gas service, customer shall pay for those additional facilities and their installation in accordance with the Company's applicable natural gas extension policy. The Company may remove such facilities when service hereunder is terminated.

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17. **PAYMENT** - Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with Rate 100, §V.13, or any amendments or alterations thereto.
18. **BILLING ERROR** - In the event an error is discovered in any bill that the Company renders to customer, such error shall be adjusted within a period not to exceed 6 months from the date the billing error is first discovered.
19. **AGREEMENT** - Upon request of the Company, customer may be required to enter into an agreement for service hereunder.
20. **RULES** - The foregoing schedule is subject to Rates 100 -124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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