Montana-Dakota Utilities Co.
400 N 4th Street
Bismarck, ND 58501

State of Montana
Electric Rate Schedule

ELECTRIC EXTENSION POLICY Rate 112

The policy of Montana-Dakota Utilities Co. for electric extensions to provide service to customers located within its service territory is as follows:

1. A permanent extension may be constructed without a contribution if the estimated project construction cost is equal to or less than 3.3 times the estimated annual revenue excluding fuel and purchased power (3.3 to 1 ratio).

2. If the estimated project construction cost is greater than 3.3 times the estimated annual revenue excluding fuel and purchased power, the extension will be made only with a contribution, which may be refundable.

   a. Contribution -

      1) When a contribution is required of any customer, with the exception of those customers defined in 2) below, the formula for determining the amount of the initial contribution shall be the estimated construction cost less 3.3 times the estimated annual revenues excluding fuel and purchased power.

      2) The initial contribution for developers of subdivisions shall be the estimated construction cost.

      3) Payment of the initial contribution amount shall be made prior to construction.

      4) Upon completion of construction, the contribution amount shall be adjusted to reflect actual construction costs and an additional charge or refund levied accordingly.

      5) Company may waive all contributions if it determines that the initial contribution will be soon refunded because of additional customer connections.

b. Refund -

1) Residential Customers - If within a ten-year period from the date initial service is established, one or more additional customers are added to the above referred to extension, Company shall recompute the contribution required by combining the estimated proposed construction cost for the new customer(s) with the construction cost to those customers already taking service. If, by so combining the construction costs, the contribution of those customers already taking service would be less, Company shall make a proportionate refund, without interest, to those customers taking service prior to commencement of service to said additional customer(s). A customer may receive a refund only if the customer paid for the initial extension or subsequent connection to the extension and at the time the refund is issued, the customer owns the residential structure to which the extension or subsequent connection to the extension was made. No refund shall be made by Company to residential customer(s) after a ten-year period from which initial service is established, nor shall refunds be made in excess of the amount contributed.

2) Non-Residential Customers - If within a five-year period from the date initial service is established, one or more additional customers are added to the above referred to extension, Company shall recompute the contribution required by combining the estimated proposed construction cost for the new customer(s) with the construction cost to those customers already taking service. If, by so combining the construction costs, the contribution of those customers already taking service would be less, Company shall make a proportionate refund, without interest, to those customers taking service prior to commencement of service to said additional customer(s). No refund shall be made by Company to non-residential customer(s) after a five-year period from which initial

service is established, nor shall refunds be made in excess of the amount contributed.

3) Developers of Subdivisions - Refunds shall be made for each lot connected based on the following calculation: Total refundable contribution divided by the number of lots that can be served from the extension equals refund per lot. In addition, the total revenue excluding fuel and purchased power of the subdivision will be reviewed annually to determine if adequate revenues are being generated so that the contribution formula would indicate a zero contribution. When this revenue level is reached, a refund will be made to the developer equal to the remaining contribution amount still held by the Company. No refund shall be made by Company to a developer after a five-year period from which initial service is established, nor shall refunds be made in excess of the amount contributed.

4) No interest will be paid by Company to customer(s) on any amount customer(s) has paid to Company as a contribution in aid of construction.

3. Project construction cost shall include all cost of the electric extension and overhead cost less the cost of customers' transformer(s), service line, and meter. The service line is considered to be the low voltage conductors between the Company-owned transformer or secondary system and the customer-owned service entrance equipment.

4. Electric extension refers to any facilities which must be constructed to connect a new customer to the utility system or the addition of capacity to existing facilities.

5. Company will deliver electricity to customer at the rate approved by the Montana Public Service Commission.

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6. Where a contribution in aid of construction is required to provide service, such extension is subject to prior execution by customer and Company of Company's standard agreement for extensions.

7. Where abnormal conditions exist, causing extraordinary costs on any part of the extension (e.g., railroad or river crossing, land clearing, special permits, etc.), a charge may be made equal to the additional cost incurred by reason of the abnormal conditions.

8. This rule shall not be construed as prohibiting the Company from making a contract with a customer in a different manner, if the contract provides a more favorable method of extension to the customer. Such determination to be made on the basis of specific extension characteristics.

9. Temporary loads, such as gravel pit operations, carnivals, etc., shall follow the Company rules for temporary services.