

Public Service Commission of Montana



Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

Natural Gas Service

Volume No. 6
1st Revised Sheet No. 68
Canceling Original Sheet No. 68

INTERRUPTIBLE GAS SERVICE EXTENSION POLICY **Rate 119**

Page 1 of 3

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide interruptible sales or interruptible transportation service to customers is as follows:

1. Contribution
 - a. Prior to construction, the customer shall contribute an amount equal to the total cost of construction including all gas main extensions, valves, service line(s), regulators, meters (excluding remote data equipment), any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for applicable federal and state income taxes. Such tax amount will be calculated in accordance with the provisions of the Commission's Order in Docket No. 86.11.62, Order No. 5236(f).
 - b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. The customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the total contribution required prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or written guarantee commitment, shall be effective for a five-year period commencing at the plant in-service date, and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists for the subject project, the surety or guarantor shall pay the Company for such contribution requirement, or

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By: Donald R. Ball
Assistance Vice President-
Regulatory Affairs

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Rate 119

Page 2 of 3

- 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, and 3) interest will be charged at the Company's incremental weighted cost of capital.
 - 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. Remote data acquisition equipment costs shall be subject to the terms and conditions specified in Transportation Service Rates 81 and 82.
2. Refund
- a. If within the five-year period from the extension(s) in-service date, the total of the customer's contribution and actual margin paid to the Company equals or exceeds the total present value of the revenue requirement associated with the extension, Company shall refund the amount exceeding the revenue requirement on the following basis:
 - i. Annually, beginning at the second anniversary of the extension(s) in-service date, the Company will refund to the customer, the amount exceeding the total present value of the revenue requirement at a rate of 50% of the current year margin associated with the customer's actual throughput.
 - ii. Customers who have posted a bond, letter of credit or a written guarantee commitment will be notified of any reduction in surety or guarantee requirements based on the above calculation.

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INTERRUPTIBLE GAS SERVICE EXTENSION POLICY

Rate 119

Page 3 of 3

- iii. No refunds will be made for amounts less than \$25.

- b. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

- c. No refund shall be made by the Company after the five-year refund period has expired, and in no case shall the refund, excluding interest, exceed the amount of contribution made by the customer.

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