



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7

2nd Revised Sheet No. 61

Cancelling 1st Revised Sheet No. 61

INTERRUPTIBLE GAS SERVICE EXTENSION POLICY Rate 119

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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, any required payments made by the Company to the transmission pipeline to accommodate the extensions, and other costs as adjusted for federal and state income taxes. Remote data acquisition equipment cost's shall be subject to the terms and conditions specified in the applicable interruptible service rate schedule.

(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, or letter of credit, 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 shall pay the Company for such contribution requirement, or

(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.

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1st Revised Sheet No. 61.1

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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 2nd 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 or letter of credit, will be notified of any reduction in surety requirements based on the above calculation.
 - 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.
- (d) The Company and customer may enter into a contract providing for a refund mechanism based on customer meeting identified minimums on the basis of specific extension characteristics.

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