



GREAT PLAINS NATURAL GAS CO.

A Division of Montana-Dakota Utilities Co.

State of North Dakota Gas Rate Schedule

NDPSC Volume 2
Original Sheet No. 11

FIRM GAS SERVICE MAIN AND SERVICE LINE EXTENSION POLICY Rate 105

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The Company will install gas main extensions using the following guidelines applicable to firm gas main extensions:

- a) The term “main” refers to the facilities that are typically constructed from a border station or regulator station with no particular terminus at a building or structure. Mains are normally installed in streets, alleys, dedicated public ways or dedicated utility easements.
- b) Customer refers to customer ultimately taking natural gas service or a developer request to provide natural gas service to residential customers.
- c) Cost Participation. Cost participation for firm gas extensions shall be determined as follows:
 - i) Extensions 95 Feet or Less – The Company will extend a gas main up to, but not to exceed, 95 feet per home projected to be connected within twelve (12) months from the start of construction where natural gas is the primary fuel used for space heating.
 - ii) Extensions over 95 Feet or where natural gas is not the primary fuel used for space heating – The Company may require cost participation if the estimated capital expenditure is not cost justified. The extension will be considered cost justified if the calculated Maximum Allowable Investment equals or exceeds the estimated capital expenditures using the following formula:

Maximum Allowable Investment (MAI) =

Annual Basic Service Charge +

(3rd Year Estimated Dk x Distribution Delivery Charge)/LARR

Where: LARR = 11.626%

The LARR, defined as the Levelized Annual Revenue Requirement Factor, is the annual rate required to recover the present value of a project over the life of a project.

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- d) Cost of the extension shall include the gas main extension(s), valves, service line(s), cathodic protection equipment, any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.
- e) Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer.
- f) Contributions. In the event the extension is not cost justified, the customer(s) shall pay the Company the portion of the capital expenditures not cost justified. The extension will proceed if the customer:
 - i) Pays in advance to the Company the excess amount not cost justified in cash, or
 - ii) Agrees to pay a special monthly charge. If the customer discontinues service prior to the excess being paid in full, the balance will be due and payable upon discontinuance of service, or
 - iii) Agrees to pay annually a specified minimum charge. If the customer discontinues service prior to the excess being paid in full, the balance will be due and payable upon discontinuance of service, or
 - iv) Agrees to a combination of above methods, or
 - v) Customer may post a bond or an irrevocable letter of credit in the amount of the required contribution prior to construction and acceptable by the Company. Such bond, issued by a bonding company authorized to do business in the state or letter of credit shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement.

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- vi) Upon completion of the project, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- vii) If within the five year period from the extension(s) in service date, the number of active customers and related volumes exceeds the projections used to determine MAI, the Company shall re-compute the contribution requirement by recalculating the MAI.
- viii) The recalculated contribution requirement shall be collected from the new applicant(s).
- g) Refunds. Contributions for gas main extensions are refundable, without interest, for a period up to five (5) years from the date of completion of the main extension as additional customers are connected to the particular main extension for which the advance was made.
 - i) The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. Customers who have posted a bond or letter of credit will be notified of any reduction in surety or guarantee requirements.
 - ii) No refunds will be made until the new applicants begin taking service from the Company.
 - iii) If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.
 - iv) No refund shall be made by Company after the five-year refund period and in no event shall the refund exceed the amount of the contribution.
- h) The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within twelve (12) months of such installation.

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- i) Firm Gas Service Line Extensions:
The Company shall install gas service lines using the following general rules and regulations applicable to all firm gas service line extensions:
 - i) The term “service line” refers to facilities that are constructed from a main to the final terminus at a building or structure.
 - ii) The Company shall furnish, own, and maintain all material and equipment to the outlet side of the meter on the customer’s premise(s).
 - iii) The Company will extend a service line to serve customer(s) where natural gas is the primary fuel used for space heating without charge up to, but not to exceed, 65 feet. The length of the service line shall be determined by measurement from the customer’s property line to the stop valve on the service riser.
 - iv) If the additional service line required is beyond 65 feet or natural gas is not the primary fuel used for space heating, the Company may require cost participation if the estimated capital expenditure is not cost justified. The service line extension will be considered cost justified if the calculated MAI equals or exceeds the estimated capital expenditures using the MAI formula provided in ¶ c.ii.
 - v) Where cost participation is required, such extension is subject to execution of the Company’s standard agreement for extensions by the customer.
 - vi) Relocation of Existing Meters and Service Lines: When a customer requests relocation of a meter and/or service line, charges will be made at standard labor and materials rates.

A minimum connection charge, per meter, covering the cost of the installation of the meter and regulator, the service connection, general inspection, and gas turn-on is payable at the time the application for service is submitted. The minimum connection charge is \$25.00 per meter for customers with gas input loads up to 400,000 BTU/hour; and \$50.00 per meter for customers with gas input loads above 400,000 BTU/hour.

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