

**CLASS OF SERVICE: Gas Transportation Tariffs**  
**RATE DESIGNATION: General Terms and Conditions**

1. **Contract:** Customer shall execute a written Service Request Form for transportation of customer-owned gas hereunder.
2. **Minimum Term:** The minimum term of the Service Request Form shall be annual unless the Company and Customer mutually agree to a shorter time period. In no event shall Customer be allowed to switch between Transportation and Sales service with less than a 30 day written notification. In the event Customer wishes to return to Sales service, the Company shall have the discretion to approve or deny the request based on various factors such as availability of interstate pipeline capacity to meet customer's needs. After the contract period, the Customer may return to sales on the same basis as any new customer. N  
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3. **Filing:** Transportation will not commence until the Customer files with the Company a completed Service Request Form and all other applicable documentation.
4. **Gas Quality:** Gas purchased by Customer from a third party for Transportation by the Company shall be commercially clean and merchantable. Such gas shall be comparable in quality to and interchangeable with gas purchased by the Company. The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.
3. **Thermal Balancing:** The quantity of transportation gas received by the Company from the transporting pipeline and the quantity of transportation gas delivered to the Customer under the applicable Schedule shall be thermally balanced. For delivery systems with a single source of gas supply, the transporting pipeline's statement as to volumes, heating value, and thermal balancing shall be taken as conclusive. For delivery systems with multiple sources of gas supply, the Company shall determine the heating value of gas delivered to the Customer on a monthly basis in order to implement the requirement for thermal balancing.

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(Con't)

**6. Liability:**

- (a) General - Gas shall be and shall remain the property of the Customer while being transported and delivered by the Company. The Company shall not be liable to the Customer for any loss arising from or out of Gas Transportation Service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle gas of the Customer with other gas supplies including propane and liquefied natural gas.
- (b) Insurance - The Customer shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

**7. Retention:** A Customer or Group Customer, if applicable, shall have the option to choose one of the following methods to apply retention:

Option One (Indexed Based): The value of retention shall be determined by multiplying i) the monthly average price plus applicable interstate pipeline transportation charges as reported in the BTU's Daily Gas Wire Index for each pipeline (NNG: MidContinent Pooling Point) times ii) the Retention percentage times iii) the Deliveries. This value shall be billed monthly. This billing shall represent compensation for Lost and Unaccounted for Gas. The Retention percentage is 0.84% for the Company's South Dakota distribution customers and 0.25% for large volume customers with 30,000 therms daily average based on a 365 day year, that are not billed using the upstream interstate pipeline meter. The percentages will be adjusted annually, to be effective November 1, based on the actual percentage incurred by the Company for the prior 12 month period ending July 31. Retention amounts collected under this option will be credited to expense in PGA true-up filings. If the Customer, or Group Customer, does not select one of the options presented in this retention section, retention shall be calculated as stated in this paragraph.

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Option Two (Inkind): The Customer, or Group Customer, if applicable, upon written request, may deliver retention quantities inkind. The request shall include the Customer's account number and the meter number of which inkind retention is being requested and shall be delivered to the Company's representative. Upon the Company's acknowledgment of the receipt of the request, the Customer shall be allowed to deliver retention volumes inkind. The Customer shall have the option to have the quantity of transportation gas received from the transporting pipeline reduced, upon delivery to the Customer, by a fixed percentage as set forth above, which shall represent compensation for Company-Used Gas and Lost and Unaccounted For Gas. Where fuel reimbursement is inkind, the standard fuel calculation mechanism, as this is related to the nominating process, should be  $(1 - (\text{fuel \%}/100))$  multiplied by receipt quantity = delivery quantity.

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8. **Metering:** In order to utilize the services provided under the Gas Transportation Tariff, automatic metering equipment is required. All costs related to telemetering and any other facilities constructed or installed to provide any Transportation Service will be charged to the Customer but will remain the property of Company. The Customer will be required to provide telephone or other interfaces agreed to by the Company and electric connections, if necessary, to the meter and provide access to the Company for maintaining and operating such equipment.
9. **Order of Deliveries for Billing Purposes:** At times the Company may be delivering gas to the Delivery Point under more than one service type. For Billing purposes, the order of deliveries on any gas day, as among the applicable Schedules, shall be 1) Standby Gas, 2) Firm Transportation, 3) Sales.
10. **Capacity Curtailment or Interruption:**
  - (a) Transportation service is subject to the physical, operational, and contractual constraints of the Company's gas system, pertinent to the Delivery Point and the Receipt Point. If the Company is required to curtail or interrupt service due to Capacity constraints or system integrity conditions, the Company's interruptible sales shall have a priority subordinate to the Company's firm sales, firm transportation and Firm Supply Standby services. Such firm sales, firm transportation and Firm Supply Standby services shall be curtailed in accordance with the priority guidelines set forth in the Company's General Terms and Conditions, Section No. 5, Sheet No. 5.2.
  - (b) When required by capacity constraints, Interruptions shall be in accordance with the priority guidelines set forth in the Company's General Terms and Conditions, Section No. 5, Sheet No. 5.2.

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**11. Request for Service:**

- (a) Requests for service under any Transportation Schedule must be made by filing with the Company the information required on the form entitled "Service Request Form" and "Transportation Service Designation" in the Company's effective Gas Transportation Tariff.
- (b) Transportation Service will be provided on a "first-come/first-served" basis.
- (c) Service will not be approved, and a first-come/first-served priority rating for service will not be determined and assigned, until all the information required by the Service Request Form and Transportation Service Designation has been delivered to the Company. The Company reserves the right to request additional information from any applicant, but requesting such information will not reduce the priority rating for service if the applicant has otherwise provided all of the information and paid the fee as required by this section.
- (d) Service under this tariff will begin on the first of the month following a date which is thirty (30) days after the Service Request Form, and all additional information has been received by the Company. The Company may, at its sole discretion, reduce the request for service requirements.

**12. Nominations**

Nominations shall be the volume of gas the Customer wishes to transport on Company's distribution system for transportation service. Each customer or assigned agent desiring to deliver gas into NorthWestern Energy's system must submit a nomination to flow gas into the Company's distribution system.  
Nominations shall be delivered to:

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NorthWestern Energy Gas Supply  
600 Market Street W.  
Huron, South Dakota 57350  
Phone: (605) 352-8411  
FAX: (605) 353-8346

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- (a) Nomination Time Line: The nomination will be due by 9:00 a.m. CCT coincident to the start of the gas day beginning at 9:00 a.m. CCT. Nominations delivered via fax are due 2 hours before the start of the gas day.

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- (b) Confirmation: The Company will begin verification of scheduled flow/confirmation upon receipt of nominations from the Customer. Company will confirm the lesser of 1) the confirmed pipeline volumes, or 2) the nomination into the Company's distribution system.
- (c) Nomination Process: All parties should support a seven-days-a-week, twenty-four-hours-a-day nomination process. Party contacts need not be at their ordinary work sites but should be available by telephone or pager.
- (d) Daily: Customers, or their agent, shall notify the Company's representative by 9:00 a.m. CCT, by mutually acceptable method, of a Daily Nomination or a desired change, if any, to its requested quantity of transportation gas for the gas Day commencing at 9:00 a.m. CCT or for following gas Days. Nomination of Delivery and Receipt Point shall be limited to those specified in the Service Request Form.
- (e) Critical Day and/or OFO: When curtailment/interruption/OFO is called, the Company shall attempt to notify the Customer by 3:30 p.m. CCT, prior to the beginning of the gas day, or as necessary to maintain the integrity of the system, of the receipt and delivery conditions applicable to Customer's Gas Transportation Service during the next gas day commencing at 9:00 a.m. CCT. Such notification shall include all necessary information known at the time, such as curtailment or interruption conditions, and allowable balancing adjustments. The Company shall also notify the Customer once the curtailment/interruption conditions have changed. Similar to the provisions of the Late Nominations section below, the Company may allow for reduced Critical Day/OFO nomination requirements.

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- (h) Intra-day Nominations: The Company and Customer shall agree to support the North American Energy Standards Board (NAESB) standard nomination timeline for nomination cycles that pertain to the upcoming and current gas days, referred to as grid-wide synchronization times, with Customer providing Company with notification of intra-day nomination changes concurrent with notification to the interstate pipeline, . The Company shall, at its discretion, allow non-grid final nomination changes to zone deliveries for those Customers who have contracted storage services with Northern Natural Gas Pipeline, but Customer must notify Company by e-mail prior to 7:30 a.m. of the affected gas day to allow time for confirmation of the new nomination. Nominations shall be implemented only if they are confirmed by the interstate pipeline. Company shall have the right at any time to limit acceptance of an intra-day or non-grid nomination on a non-discriminatory basis if system integrity will be placed in jeopardy.
- (i) Optional Intra-day Hourly Metering Service:
1. Applicability and Character of Service  
The customer or Agent shall have the option to choose intra-day hourly metering service. The intra-day hourly metering volume information is available to transportation Customers via email, at times specified by the Company. Company makes no warranty, whether express, implied or otherwise, regarding the timeliness, quality or accuracy of the information provided to Customer pursuant to this tariff.
  2. Availability  
This service is available to any gas transportation customer with facilities served by the Company who has Company installed, AC powered telemetry equipment in place to monitor daily usage. The Customer or their Agent must notify the Company three (3) working days prior to receiving the email data. The Customer will have the option of 18 and/or 21 hour email reads.

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3. Monthly Charges

Intra-day hourly metering charge          \$5.00 per account

This charge will be applied to the invoice based on who elects the service. If the Customer elects the service, the charge will be applied to the Customer's monthly invoice. If the Agent elects the service, the charge will be applied to the monthly group invoice.

4. Bill Payment Provision

The rate is net. A late payment charge of 1.5 percent per month shall be added to the past-due amount if the bill is not paid by the due date.

- (j) Operational Flow Order (OFO): The Company may call an OFO on customers behind a specific pipeline, delivery zone, town border station; on a marketer, agent, group of customers, or specific customer. This OFO will result in requiring customers that the OFO was called on to balance gas volumes under either the Short or Long Critical Day provisions. The OFO will remain in effect until the operational condition requiring its issuance has been remedied. The type of OFO call and process the Company will use is as follows:

OFO call by pipeline, Delivery Zone, or Town Border Station (TBS). The Company will call a Short or Long Critical Day on a specific pipeline, delivery zone, or TBS for the following reasons:

1. When the Company experiences failure of transmission, distribution, gas storage or gas manufacturing facilities.
2. When the transmission system pressures or other unusual conditions jeopardize the operation of the Company's system.
3. When the Company's transportation, storage, and supply resources are being used at or near their maximum rated deliverability.
4. When any of the Company's transporters or suppliers call the equivalent of a Critical Day.
5. When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of the Company's system.
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OFO call by a marketer, agent, group of customers, or specific customer. The Company will call a Short or Long Critical Day on a marketer, agent, group of customers or specific customer when, in the Company's judgment, the OFO is necessary to maintain or restore operational integrity when a marketer, agent, group of customers, or specific customer is significantly delivering long or short during periods of significant gas price changes.

- 13. Provisions Applicable to Third Party Suppliers:** If a Gas Transportation Customer wishes to utilize brokers, marketers, or other third party suppliers ("Third Party Suppliers") either as agents or as suppliers of gas into the Company's system, the Customer must notify the Company in writing of the Third Party Supplier that will be used in any particular gas month and whether the Third Party Supplier will be acting as agent for Customer for making nominations. If the Customer is using a Third Party Supplier, Customer agrees that as between Company and Customer, the Company shall be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by Third Party Supplier.
- 14. Failure to Comply:** If the Customer fails to comply with or perform any of the obligations on its part to be complied with or performed under a Schedule, the Company shall have the right to give Customer written notice of the Company's intention to terminate the Transportation on account of such failure. The Company shall have the right to terminate such Transportation at the expiration of five days after the giving of said notice, unless within five days the Customer shall make good such failure. Termination of such Transportation for any such cause shall be a cumulative remedy as to the Company, and shall not release the Customer from its obligation to make payment of any amount or amounts due or to become due from the Customer to the Company under the applicable Schedule. In order to resume Transportation after termination of service hereunder, it shall be necessary for Customer to file a new request for service.

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**15. Force Majeure:**

- (a) Definition: The term "force majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts, material or equipment or labor shortages, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome.
- (b) Effect of Force Majeure: If either the Company or the Customer is rendered unable by force majeure to wholly or in part carry out its obligations under the provisions of any Schedule, the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, in so far as possible, be remedied with all reasonable dispatch.

- 16. Successors and Assigns**: Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Customer shall be subject to the obligations of its predecessor in title under a Contract. No other assignment of a Contract or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to and under a Contract to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under a Contract and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of a Contract may occur.

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- 17. Laws, Regulations, and Orders:** All Contracts and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency with jurisdiction that affects any of the provisions of the Contract.
- 18. Return to Sales Service:** Service is available under this tariff at the Customer's option. If a Customer subsequently seeks to purchase system gas on a firm or interruptible basis, the Company shall grant such request only if, and to the extent that adequate System capacity, interstate transportation and supplies are available.
- 19. Reference to Sales Tariff:** For all areas not addressed in this Gas Transportation Tariff, such as Billing and Payments, the terms of the Service Rules and Regulations Section of the Company's sales tariff shall apply.

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