

Canceling 1st Original Revised

Rule No. 6

LINE EXTENSIONS

6-1 Free Primary Line Extension Allowance - Upon application for electric service, the Utility shall make an extension of the primary line free of charge to the Applicant for Service up to the level of cost shown below, but no greater than the entire actual cost of such line extension:

Residential Service Customer: \$ 1,000.00

General Service Customer:

1. GS and Irrigation non-demand metered service: \$ 0.05/kWh times the Utility's estimate of the annual kWh consumption of the Customer;
2. GS and Irrigation demand metered service: \$ 0.03/kWh times the Utility's estimate of the annual kWh consumption of the Customer; and
3. Industrial Customers or projects requiring transmission or substation facilities are determined on an individual basis.

A. Applicant requesting installation of an electric service will receive a meter and a transformer free of charge, but will be responsible for the cost of the electric service connecting the meter to the transformer. All costs associated with installing the transformer will be considered as costs associated with the primary line extension. Customer contributions toward the cost of the electric service are non-refundable.

B. The Applicant for service shall furnish all necessary rights-of-way.

6-2 Extensions Beyond Free Limit (see Rule No. 6-11)

A. Where a line extension cost exceeds the free limit specified above in Rule No. 6-1, the Utility will require the Applicant for Service to pay the difference between the cost of the project and the free-line extension allowance. Whenever this customer cost is collected as an advance, if additional requests for service (new line taps) from this protected extension are received within 60 months from the date the extension is completed, the Utility will:

1. Collect from the new line tap an advance or contribution representing an amount equal to the average advance for all line taps on the original protected line, in addition to the new line tap.

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2. Refund to previously connected line taps of the existing line, their successors or assignees, or the current owner(s) of the property such an amount as is required to reduce the average cost of the line tap to the average advance with all connected line taps sharing equally in the cost of the original protected line.

The Customer(s) of each line tap, as a group, will share any required advance for their line tap extension, equitably, in addition to the cost of their individual line extension. Additional advances and refunds associated with such line taps will be treated as specified in Rule No. 6-2 A. above.

- B. No refunds will be made or credits allowed until the additional Applicant for Service has become an active electric Customer of the Utility.

- C. At the end of the 60-month period referred to above, no further refunds shall be made.

6-3 Applicability - This Rule applies to all prospective, permanent Customers, except street, post-top, outdoor, or yard lighting service, and service for resale, provided the proposed line extension can be built from an adequate, existing line across rights-of-way which shall be supplied and cleared by the Customer. Extensions, which are not capable of further revenue development, or to loads of uncertain duration, or extensions for temporary service or which would involve any unusual conditions, are governed by the provisions of Rule No. 5.

6-4 Construction Standards - The engineering, design, materials and method of constructing the line extension shall be determined by the Utility in accordance with its construction standards. The location and route of the line extension, from an existing, adequate line, shall be established by the Utility. The line extension and all related facilities shall, at all times, be owned, maintained, and operated by the Utility. The Utility may refuse to build a three-phase line extension in cases where the customer load does not require this type of extension.

6-5 Line Extension Cost

- A. The cost of an extension, as used herein, shall include the total construction expense associated with the extension, including overhead charges, based on the minimum sized facilities needed to effectively serve the extension. The cost shall also include the cost of any addition to, or moving of, existing facilities necessary to serve the extension. The cost of an extension shall not include meters or distribution transformers. The free extension cost allowance shall be in accordance with Rule No. 6-1.

(continued)



Montana-Dakota Utilities Co. *Montana-Dakota*

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of Montana Electric Rate Schedule

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Electric Rate S

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ELECTRIC EXTENSION POLICY Rate 112

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The policy of Montana-Dakota Utilities Co. for electric extensions to provide service to a utility customer and 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 two times the estimated annual revenue (2 to 1 ratio).
2. If the estimated project construction cost is greater than two times the estimated annual revenue, 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 two times the estimated annual revenues.
 - 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.

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By: Donald R. Ball
Vice President - Regulatory Affairs

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PUBLIC SERVICE COMMISSION

Secretary



Montana-Dakota Utilities Co. Montana-Dakota

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State of Montana Electric Rate Schedule

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b. Refund -

- 1) If within a five-year period from the date initial service is established, or a period from one or more additional customers are added to the above referred to particular customer extension, Company shall recompute the contribution required by Company shall recompute combining the estimated proposed construction cost for the newing the estimated proposed 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).
- 2) Refunds for developers of subdivisions 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 of the subdivision will be reviewed annually to determine if adequate revenues are being generated so that the contribution formula would indicate 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.
- 3) No refund shall be made by Company to customer(s) or 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.

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