RATE DESIGNATION: CONSERVATION IMPROVEMENT PROGRAM (CIP) COST RECOVERY ADJUSTMENT — Rider CIP
CLASS OF SERVICE: ALL CLASSES
SERVICE AREA: ALL MINNESOTA SERVICE AREA

APPLICABILITY SECTION

Applicable to bills for gas service under all Rate Schedules:
010, 020, 040, 050, 060, 090

"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

"Commercial Gas Customers" that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Commercial Gas Customers" can no longer participate in the Company's Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

RATE DETERMINATION SECTION

CIP COST RECOVERY ADJUSTMENT (CIP)

There shall be added to each non-CIP exempt customer's monthly bill a CIP cost recovery adjustment which shall be the applicable CIP adjustment factor (CCRA) multiplied by the customer's monthly therm uses. The applicable CCRA shall be determined annually as described below.

For customer accounts granted exemption by the Minnesota Public Utilities Commission (or successor agency) as a "Large Energy Facility" pursuant to Minn. Stat. 216B.2421, the CCRA shall not apply.

For customer accounts granted exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) as a "Large Customer Facility", or "Commercial Gas Customers" from CIP costs pursuant to Minn. Stat. 216B.241, the CCRA shall not apply. Customer accounts granted CIP exemption by a decision of the Commissioner after the beginning of a calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision. All credits associated with the CCRA Exemption Adjustment shall be included in the CIP Tracker account.

RATE DESIGNATION: CONSERVATION IMPROVEMENT PROGRAM (CIP) COST RECOVERY ADJUSTMENT — Rider CIP
CLASS OF SERVICE: ALL CLASSES
SERVICE AREA: ALL MINNESOTA SERVICE AREA

DETERMINATION OF CCRA

The CCRA shall be the quotient of the Recoverable Tracker balance, divided by projected retail sales (therms) of all non-CIP exempt customers for a designated 12-month recovery period. The Recoverable Tracker balance shall be determined by adjusting the prior year-end CIP Tracker balance by:

(1) Adding financial incentives awarded by the Minnesota Public Utilities Commission (or successor agency) not reflected in the prior year-end balance;
(2) Adding current year CIP program expenditures at their approved and/or budgeted level;
(3) Subtracting current year CIP cost recovery through base rates as estimated based on Company's budgeted retail sales.

In addition, the prior year-end CIP Tracker account balance shall be increased by the amortization of the beginning CIP Tracker account balance during the next 12 months. All costs appropriately charged to the CIP Tracker account shall be eligible for recovery through this adjustment and all revenues received from the application of the CCRA shall be credited to the CIP tracker account.

CCRA: $0.0308 per therm effective in the February 2013 Bill Month

DETERMINATION OF CONSERVATION COST RECOVERY CHARGE (CCRC)

The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the Minnesota Public Utilities Commission (or successor agency) in the Company's last general rate case. The CCRC is approved and applied on a per therm basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes). All revenues received from the CCRC shall be credited to the CIP Tracker account.

CCRC: $0.01652 per therm

DETERMINATION OF CCRC EXEMPTION ADJUSTMENT CREDIT

For customer accounts granted exemption by the Minnesota Public Utilities Commission (or successor agency) as a "Large Energy Facility" pursuant to Minn. Stat. 216B.2421, the monthly bills will include a CCRC Exemption Adjustment Credit determined by multiplying total billing exempt therms by the applicable CCRC Exemption Adjustment Credit. Customer accounts granted CIP exemption by a decision of the Commissioner after the beginning of a calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision. All credits associated with the CCRC Exemption Adjustment shall be included in the CIP Tracker account.

For customer accounts granted exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) as a "Large Customer Facility", or "Commercial Gas Customers" from CIP costs pursuant to Minn. Stat. 216B.241, the monthly bills will include a CCRC Exemption Adjustment Credit determined by multiplying total billing exempt therms by the applicable CCRC Exemption Adjustment Credit. Customer accounts granted CIP exemption by a decision of the Commissioner after the beginning of a calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision. All credits associated with the CCRC Exemption Adjustment shall be included in the CIP Tracker account.

CCRC Exemption Adjustment Credit: $0.01652 per therm