

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT, made this ____ day of _____, 20____, is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, hereinafter called "Company", and City of Rapid City Common Energy Plant, located at Rapid City, SD hereinafter called "Customer".

Customer has entered into agreements to purchase natural gas and have that gas delivered to a "receipt point" using Shipper(s) as specified in attached Exhibit "A" as Shipper. Customer agrees to notify Company prior to any change in shipper(s) and further agrees to execute a new Exhibit "A" prior to change of event.

Customer and Company enter into this Gas Transportation Agreement to have said gas transported by Company from the "receipt point" to a "delivery point".

WITNESSETH: The parties hereto, each in consideration of the agreement of the other, agree as follows:

1.0 TERM. Transportation, deliveries and charges hereunder shall commence on June 1, 2001 and expire on May 31, 2002, and shall continue thereafter until either party furnishes the other party 30 days written notice of termination.

2.0 RECEIPT POINT(S), DELIVERY POINT(S), RATE SCHEDULE(S), AND QUANTITIES. Delivery of natural gas under Firm General Gas Transportation Service Rate 84, Interruptible General Gas Transportation Service Rate 81, or Interruptible Industrial Gas Transportation Service Rate 82, by Company to Customer shall be at or near the points whose locations and maximum delivery quantity per day are described as follows. In the event said "Term of Rate", as specified in attached Exhibit "B", is not executed by both parties to this agreement, Customer agrees to pay Company the currently approved ceiling rate as specified under "Rate Schedule" below. Said "Term of Rate" shall not be executed for periods of less than 30 days.

| <u>Receipt Point</u> | <u>Delivery Point</u> | <u>Rate Schedule</u> | <u>Dk Maximum Delivery Point Quantity Per Day</u> |
|---|---------------------------------------|----------------------|---|
| Rapid City Border Station, Rapid City, SD | Philadelphia Street Rapid City, SD | 81 | 400 |

2.1 DISPATCHING - Customer will adhere to gas dispatching policies and procedures established by Company to facilitate service under this Agreement. Company will inform Customer of any changes in dispatching policies that may affect this Agreement as they occur.

2.2 METERING AND MEASUREMENT - Company will meter the quantity of natural gas delivered to Customer at the delivery point. Company will test meter in accordance with applicable state utility rules and regulations. In addition, the parties agree to the following testing and corrective procedures:

2.2.1 CUSTOMER'S METER - Customer may install, operate and maintain at its sole expense, equipment for the purpose of measuring the amount of natural gas delivered over any measurement period (Customer meter), provided the equipment shall not interfere with such delivery or with the Company's meter.

2.2.2 ALTERNATIVE MEANS OF MEASUREMENT - In the event the Company's meter is out of service, measurement shall be determined by the following step process beginning with step "a" below:

- a. Using the registration of the Customer's meter, if installed and accurately registering within two percent (2%) (either high or low); or
- b. In the absence of accurate Customer metering, by making a calibration test or mathematical calculation, if the percentage of error is ascertainable; or
- c. To the extent Customer's meter calibration test, or mathematical calculation described above cannot be utilized, by estimating by reference to quantities measured during periods under similar conditions when the Company's meter was registering accurately; or
- d. To the extent the methods described above cannot be utilized, by estimating by reference to Customer's operating records for the period in question.

2.2.3 TESTING - The accuracy of the Company's electronic measurement device and the integrity of the meter shall be tested and calibrated in the presence of the Customer at a minimum of once each year. In addition, flow testing and calibration of the meter shall be performed in compliance with established Company policy for large meters at a minimum of once each five years. Company shall forward a copy of calibration documentation to Customer. In the event that either party notifies the other that it desires a test of the accuracy of its own or of the other party's meter, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. Notice shall be addressed to Company's Gas Superintendent at Company's Rapid City, SD Office and shall be in writing at least fourteen days in advance of said testing.

2.2.4 COSTS OF TESTING - Company shall bear the cost of the testing and any required adjustment of the Company's meter. In the event that Customer requests a testing of Company's meter at other than the specified intervals, Customer shall bear the cost of the testing unless such equipment is found to be inaccurate by greater than two percent (2%) (either high or low).

2.2.5 CORRECTIONS OF MEASURING EQUIPMENT - If, upon testing, the Company's meter is found to be accurate within two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by Company to Customer for the period since the last preceding test, previous recordings of such equipment shall be considered accurate in computing deliveries of natural gas hereunder, but Company meter shall be promptly adjusted to record correctly to the extent possible. If, upon testing, Company's meter shall be found to be inaccurate by greater than two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by company to Customer for the period since the last preceding test, then such Company meter shall be promptly adjusted to record properly, to the extent possible, and any previous recordings by such Company meter shall be corrected to zero error, to the extent possible, and Company shall promptly send to Customer a report based on such corrected recordings and a revised invoice based on corrected readings within thirty days. If no reliable information exists as to when the Company meter became inaccurate, it shall be assumed for correction purposes hereunder that such inaccuracy began at a point in time midway between the testing date and the last previous date on which the Company meter was tested and found to be accurate or adjusted to be accurate.

2.2.6 MAINTENANCE - Each party shall have the right to be present whenever the other party reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts its meter. Each party shall give timely notice to the other party in advance of taking any such actions. Notice shall be addressed to Company's Gas Superintendent at Company's Rapid City, SD Office. Each party shall give at least 24 hours notice to the other party prior to undertaking the above-described activity.

2.2.7 CHARGES, PENALTIES, COSTS, OR EXPENSES - To the extent that any penalties are incurred by Customer as a result of the inaccuracy of Company's meter greater than two percent (2%) (either high or low), Company shall be responsible for such penalties.

2.2.8 ELECTRONIC MEASUREMENT EQUIPMENT - The Company's electronic (Metretek) measurement, used as a remote terminal unit for system operations, equipment is excluded from the requirements of Sections 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, and 2.2.7. The estimated cost of the installation of electronic measurement equipment in conjunction with this Agreement is \$PAID. Customer agrees to provide this amount to Company at the time this Agreement is returned to Company for execution by Company.

2.2.9 RECORD EXAMINATION - Customer shall have the right at all reasonable times to examine the books, records and charts of Company, for a two year period subsequent to the issuance in writing of a dispute invoice, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this agreement.

3.0 DEFINITIONS.

Delivery Point - The point at which Customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on Customer's premises.

Gas Day - Means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

Interruption - A suspension of transportation or retail natural gas service deemed necessary by Company.

Nomination - The daily volume, in dk, of natural gas requested by Customer for transportation and delivery to Customer at the delivery point over a 24 hour period commencing at 9:00 a.m. Central Clock Time each day.

Receipt Point - The intertie between Company and the interconnecting pipeline(s) at which point Company assumes custody of the gas being transported.

Shipper - The party with whom the pipeline has entered into a Service Agreement for transportation service.

4.0 RATE. The rates charged Customer shall be as specified in applicable Company tariffs as approved by the appropriate state utility regulatory agency.

The currently effective rates are attached hereto and made a part hereof. Company shall have the right to modify the rates charged and the terms and conditions hereunder by making unilateral rate filings with the appropriate regulatory agency.

4.1 FIRM NATURAL GAS REQUIREMENTS. Customer agrees to accept service hereunder in accordance with Company's Rate 70, as specified in Exhibit "C" of this Agreement for Customer's firm requirements delivered through Customer's interruptible meter(s).

4.2 TAXES. In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company any sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.

4.3 REPLACEMENT OR SUPPLEMENTAL SALES SERVICE. Interruptible retail gas may be available at this location during the time that this Agreement is in force. Customer may request that Company provide interruptible retail gas sales pursuant to Rate Schedule 71. Service under such rate is subject to the availability of capacity on Company's system and prior demands of customers served under Company's general service gas rates.

5.0 ASSIGNMENT. Customer agrees that it will not assign this Agreement except upon written consent of Company.

6.0 INDEMNIFICATION. Customer agrees to indemnify and hold Company harmless from any and all injury, loss or damage resulting from Customer's negligent or wrongful acts under and during the term of this Agreement. Company agrees to indemnify and hold Customer harmless from any and all injury, loss or damage resulting from Company's negligent or wrongful acts under and during the term of this Agreement.

7.0 INGRESS AND EGRESS. Company is hereby granted rights of ingress and egress, at reasonable times, for operating, inspecting and maintaining any of Company's facilities on Customer's premises.

8.0 FORCE MAJEURE. In the event of either Party's being rendered wholly or in part by force majeure unable to carry out its obligations under this Agreement, then the obligations of the Parties hereto, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of Customer's gas are destroyed while in Company's possession by an event of force majeure, the obligations of the Parties under this Agreement shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either Customer or Company under this Agreement, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of Company's gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the Party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the Party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this Agreement, when any such inability directly or indirectly contributes to or results in either Party's inability to perform its obligations.

9.0 REGULATORY AUTHORITY. This Agreement is subject to all valid laws, orders, rules and regulations of any and all duly constituted authorities having jurisdiction over the subject matter herein and is subject to the receipt of any necessary authorization for the transportation service contemplated herein.

10.0 REPORTING REQUIREMENTS. Customer shall furnish Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year above written.

CUSTOMER

COMPANY

CITY OF RAPID CITY COMMON ENERGY PLANT

MONTANA-DAKOTA UTILITIES CO.,
A Division of MDU Resources
Group Inc.

By: _____

*

Title: _____

Attest: _____

*

Title: _____

By: _____

William J. Huether
Director of Marketing &
Customer Services

* Please type or print the names below the signature lines.

EXHIBIT "A"
GAS TRANSPORTATION AGREEMENT

This document is an attachment to the Gas Transportation Agreement dated _____ between Montana-Dakota Utilities Co. and CITY OF RAPID CITY COMMON ENERGY PLANT covering natural gas transportation service to Rapid City Regional Laundry located at Rapid City, SD.

This Exhibit "A" shall be in effect commencing on June 1, 2001.

Customer's Total Interruptible Transportation Quantity: 400 dk per day.

Customer's Total Firm Transportation Quantity: 0 dk per day.

The shipper(s) name is Rainbow Gas Company

Customer hereby authorizes Company to furnish the shipper any information relating to the volume and/or cost of natural gas furnished by Company for use by Customer. This authorization will remain in effect until a written notice is received from Customer.

Accepted and agreed to this _____ day of _____, 20____.

CUSTOMER

CITY OF RAPID CITY COMMON ENERGY PLANT

By: _____

Representing City of Rapid City Common Energy Plant

Accepted and agreed to this _____ day of _____, 20____.

MONTANA-DAKOTA UTILITIES CO.,
A Division of MDU Resources Group, Inc.

By: _____

William J. Huether
Director of Marketing & Customer Services

EXHIBIT "C"
REQUEST FOR FIRM NATURAL GAS SALES SERVICE

This document is an attachment to the Gas Transportation Agreement date _____ between Montana-Dakota Utilities Co. and CITY OF RAPID CITY COMMON ENERGY PLANT covering natural gas transportation service to Rapid City Regional Laundry located at Rapid City, SD.

Daily Firm Service Requirements

| | | |
|-----------|---|--------|
| January | 0 | Dk/day |
| February | 0 | Dk/day |
| March | 0 | Dk/day |
| April | 0 | Dk/day |
| May | 0 | Dk/day |
| June | 0 | Dk/day |
| July | 0 | Dk/day |
| August | 0 | Dk/day |
| September | 0 | Dk/day |
| October | 0 | Dk/day |
| November | 0 | Dk/day |
| December | 0 | Dk/day |

I hereby request that these daily maximum quantities be provided to this location pursuant to an approved firm natural gas sales tariff.

Firm gas sales, under Rate 70, shall commence on June 1, 2001 and expire on May 31, 2002, and shall continue thereafter until either party furnishes the other party 30 days written notice of termination.

CITY OF RAPID CITY COMMON ENERGY PLANT

By: _____
(Please print or type)

By: _____

Agreed to and accepted by Montana-Dakota Utilities Co. this _____ day of _____, 20_____.

(Gas Supply Department)