199—19.15(476) Reserve margin.

19.15(1) *Applicability.* All gas utility companies may maintain a reserve of contract services in excess of their maximum daily system demand requirement and recover the cost of the reserve from their customers through the PGA.

19.15(2) *Definitions.* The following definitions apply to the terms as used in this rule:

"Contract services" refers to the amount of firm gas delivery capacity or delivery services contracted for use by a utility to satisfy its maximum daily system demand requirement, including the planned delivery capacity of the utility-owned liquefied natural gas facilities but excluding the delivery capacity of propane storage facilities.

"Design day" means reasonably anticipated colder-than-normal weather conditions during a 24-hour period beginning at 9 a.m.

"Maximum daily system demand requirements" means the maximum daily gas demand requirement that the utility forecasts to occur on behalf of its system firm sales customers under design day weather conditions. The maximum daily gas demand requirement forecast will be determined based upon an evaluation of historic usage levels of firm sales customers, adjusted for reasonably anticipated colder-than-normal weather conditions and other clearly identifiable factors that may contribute to the demand for gas by firm sales customers. The maximum daily system demand requirements shall be submitted for approval by the commission with the Annual PGA filing required by subrule 19.9(2).

19.15(3) *Maximum daily system demand requirements of less than 25,000 Dth per day.* A reserve margin of 9 percent or less in excess of the maximum daily system demand requirements will be presumed reasonable.

19.15(4) *Maximum daily system demand requirements of more than 25,000 Dth per day.* A reserve margin of 5 percent or less in excess of the maximum daily system demand requirements will be presumed reasonable.

19.15(5) *Rebuttable presumption.* All contract services in excess of an amount needed to meet the maximum daily system demand requirements plus the reserve are presumed to be unjust and unreasonable unless a factual showing to the contrary is made during the periodic review of gas proceeding or in a proceeding specifically addressing the issue with an opportunity for an evidentiary hearing. All contract services less than an amount of the maximum daily system demand requirements plus the reserve are presumed to be just and reasonable unless a factual showing to the contrary can be made during the periodic review of gas proceeding or in a proceeding specifically addressing the issue with an opportunity for an evidentiary hearing.

19.15(6) *Allocation of cost of the reserve.* Fifty percent of the reserve cost shall be collected as a demand charge allocation to noncontractual firm customers. The remaining 50 percent shall be collected as a throughput charge on customers excluding transportation customers who have elected no system supply reserve.

[**ARC 0741D**, IAB 11/11/26, effective 12/16/26]