

DIVIDER

**STATE OF NORTH DAKOTA
INFORMATION TECHNOLOGY DEPARTMENT
SFN 2053 (4-2002)**

PU-399-00-119

**Montana-Dakota Utilities Co., a Division of MDU Re
Melroe Service Agreements**

Approval

00

Filed 3/16/2000

Closed 4/12/2000

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Melroe Service Agreements
Approval

Case No. PU-399-00-119

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL AND ORDINARY MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **13th day of April, 2000**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order

The envelopes were addressed as follows:

C Wayne Fox
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501
Cert. No. Z324 719 682

Sharon Helbling further deposes and says that on the **13th day of April, 2000**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

Don Ball
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

Doug Schulz
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Sharon Wellen

Subscribed and sworn to before me
this **13th day of April, 2000**.

Sandra L. Scott

Notary Public

SEAL



PU-399-00-119

Copies To:

State Library (8 copies)

Historical Society

Associated Press

APPROVED:
DATE: 4-12-00
KMF

MOTION
April 12, 2000

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
Melroe Service Agreements
Approval**

Case No. PU-399-00-119

I move the Commission adopt the Order approving Montana-Dakota Utilities Co.'s electric service agreements with Melroe Company to serve its manufacturing plant in Bismarck, North Dakota, Case No. PU-399-00-119.

JRL/sdh

000119-2.doc

4 **PU-399-00-119** Pages: 1
04/12/2000
Public Service Commission
Motion

CC: Comm Legal Ilona Jerry .

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
Melroe Service Agreements
Approval**

Case No. PU-399-00-119

ORDER APPROVING ELECTRIC SERVICE AGREEMENTS

April 12, 2000

On March 16, 2000, Montana-Dakota Utilities Co. (MDU) filed two electric service agreements negotiated with Melroe Company (Melroe) for its manufacturing facility at Bismarck, North Dakota. The agreements apply to both firm and interruptible electric service. The interruptible electric service agreement was entered into under MDU's tariff, Interruptible Electric Service Rate 39.

The firm electric service agreement recognizes Melroe's expansion of its Bismarck plant with reduced charges targeted primarily towards incremental energy usage. Melroe's expansion is expected to provide approximately 1,000 kW of new load and incremental energy usage of approximately 500,000 kWh per year. Under the agreement, Melroe agrees not to install additional generation other than for emergency back-up purposes and not to purchase electricity from another supplier during the ten-year contract term.

When approving other firm electric service agreements, the Commission has required utilities to report a Contract Revenue Delta as a line item in their electric company annual reports to the Commission. The Contract Revenue Delta quantifies the difference between the revenue collected under special contracts and the revenue that would have been collected had those loads been charged at the utilities' standard price schedule rates.

To assure that all similarly situated customers are treated fairly, the Commission has also required utilities to notify other electric service customers of the availability of special contracts with its annual notice of existing rate schedules required under N.D. Admin. Code § 69-09-02-02.1(3).

Approving this contract does not now impact the rates of MDU's other customers. At the time of MDU's next electric rate increase request or rate review proceeding, the Commission will review MDU's overall revenue requirements and will specifically review the revenue impact resulting from special contracts.

Order

The Commission Orders:

1. MDU's firm and interruptible electric service agreements negotiated with Melroe and filed on March 16, 2000 are approved.
2. MDU shall include the results of this agreement in its Contract Revenue Delta filed with its electric company annual report to the Commission.
3. MDU has a continuing obligation to provide notice to other electric service customers, with a copy to the Commission, of the availability of special contracts as part of its annual rate schedule notice required by N.D. Admin. Code. § 69-09-02-02.1(3).

PUBLIC SERVICE COMMISSION



Susan Wefald
Commissioner



Bruce Hager
President



Leo M. Reinbold
Commissioner

INFORMAL AGENDA

March 29, 2000

PU-399-00-119

Montana-Dakota Utilities Co.
Melroe Service Agreements
Approval

2 **PU-399-00-119**
03/29/2000
Public Service Commission
Informal Hearing held

Pages: 1

CC: Comm Legal Ilona Jerry .



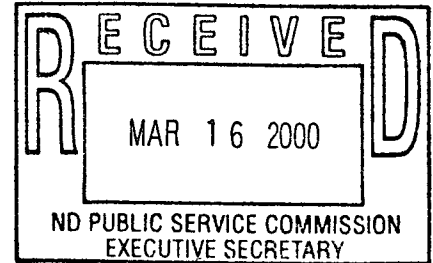
MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

March 16, 2000



Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Melroe Company
Electric Service Agreements

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group Inc., herewith submits an original and seven (7) copies of a Firm Electric Service Agreement and an Interruptible Electric Service Agreement between Montana-Dakota and the Melroe Company (Melroe) in accordance with Section 69-09-02-01, Subsection 3, of the North Dakota Public Service Commission Electric Rules and Regulations.

The attached Firm Service Agreement provides for the sale of all firm electric power required by Melroe's facilities, designated as firm delivery points in the attached service agreement, at a rate less than the otherwise applicable Large General Electric Service Rate 30. This firm service rate was offered in order to recognize the additional growth associated with Melroe's plant expansion in Bismarck and Melroe's commitment not to install or operate any additional electric power generation equipment or to purchase electricity from any supplier other than Montana-Dakota for the term of the agreement.

The Firm Service Agreement provides for the sale of electric power to Melroe at a contract rate comprised of the following components:

- A demand charge of \$5.25 per kW of billing demand. This charge is equal to the demand charge component of the currently authorized Large General Service Rate 30.
- An energy charge of \$.04437 applicable to the 1st 1,000,000 kWh used per month and \$.02598 per kWh for energy used over 1,000,000 kWh in a month. The \$.04437 charge is the energy charge authorized for the last rate block of Large General Service Rate 30. The \$.02598 charge represents the floor rate of the currently authorized Economic Development Rate 34.
- The contract rate is tied to any changes in the Large General Service Rate 30 approved by the Commission.

1

PU-399-00-119

Pages: 18

03/16/2000

Montana-Dakota Utilities Co., a Division of MDU
Melroe Service Agreements approval filing

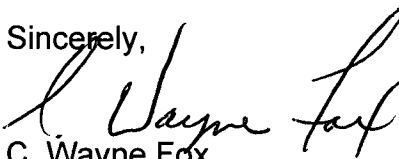
CC: Comm Legal Ilona Jerry

The Interruptible Electric Service Agreement attached hereto serves to continue the existing interruptible service agreement between Montana-Dakota and Melroe under the currently authorized Interruptible Electric Service Rate 39.

This contract is in the best interest of Montana-Dakota's North Dakota electric customers since it will serve to minimize price increases in the future due to the potential growth and retention of electric power sales to Melroe.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



C. Wayne Fox

Vice President

Regulatory Affairs & General Services

Attachments

c: D. Ball
D. Schulz

FIRM ELECTRIC SERVICE AGREEMENT

THIS AGREEMENT, made as of the 23 day of FEBRUARY, 2000, by and between MELROE COMPANY, a corporation, PO Box 1215, 521 S. 22nd Street, Bismarck, ND 58504, hereinafter referred to as "Melroe," and MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a corporation, 400 North Fourth Street, Bismarck, North Dakota 58501 hereinafter referred to as "Montana-Dakota,"

WITNESSETH:

WHEREAS, Montana-Dakota is a public utility engaged in the generation, transmission and distribution of electric energy for consumption; and

WHEREAS, Melroe, is the owner of an industrial plant located at 521 S. 22nd Street, Bismarck, ND; and

WHEREAS, Melroe desires to purchase firm electric power for this plant from Montana-Dakota; and

WHEREAS, Montana-Dakota desires to enter into a long-term Agreement to provide competitively priced firm electric power to this plant;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein to be kept and performed by the respective parties, the parties hereto agree as follows:

1. PURCHASE AND SALE OF ELECTRIC POWER: Montana-Dakota will sell to Melroe and Melroe will purchase exclusively from Montana-Dakota, pursuant to the terms and conditions of this Agreement, all firm electric power required by Melroe's existing facilities and any new facilities constructed by Melroe at the point of delivery specified below. Melroe agrees not to purchase electricity from any supplier other than Montana-Dakota during the term of this Agreement. Melroe agrees not to install or operate any electric power generation equipment to serve Melroe's facilities, other than the existing 1600 kW unit utilized for interruptible service. This Agreement shall not, however, restrict Melroe's right to install and operate generation facilities used solely for emergency back-up purposes during interruptions in firm service from Montana-Dakota. Melroe shall resell none of the electric power delivered and sold hereunder.

2. POINT OF DELIVERY: All electric power delivered hereunder shall be metered by Montana-Dakota at the "Firm Service" point of delivery listed on Exhibit "A" attached hereto or at delivery points otherwise mutually agreed upon in writing. Montana-Dakota will read the meter monthly and report such readings to Melroe.

3. MAINTENANCE: Each party hereto, to the extent reasonably possible, agrees to maintain the equipment owned by it and utilized by it in connection with the purchase and sale of the electric energy.

4. METERS AND METERING: Montana-Dakota will test the meter according to approved rules of the North Dakota Public Service Commission. In the event that these rules cease to exist, the rules last in effect shall continue to govern meter testing for the term of this Agreement.

5. RATE SCHEDULE: All electric power delivered hereunder shall be purchased by Melroe in accordance with the rate schedule attached hereto as Exhibit "B". It is agreed that the Demand Charge and Energy Charge associated with this rate schedule shall increase or decrease by the same percentage amount as may be approved by the North Dakota Public Service Commission for the corresponding Demand Charge and Energy Charge components of Montana-Dakota's Large General Service Rate 30 or any succeeding applicable firm service electric rate that Melroe would be served under in the absence of this Agreement. This Agreement is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

6. POWER UTILIZATION: Electric energy shall be taken and used so that the current will be balanced equally on all three phases, and whenever the difference between the currents shall exceed ten percent (10%) of the total amount taken from any one phase, either at the time of minimum or maximum demand, the load shall be so arranged that the unbalanced condition will not exceed ten percent (10%).

7. PRIORITY: This Agreement shall not be construed as granting Melroe a priority to the electric power supplied by Montana-Dakota, but Melroe shall be on a parity with all other non-interruptible customers of Montana-Dakota.

8. SERVICE AND LIABILITY: Montana-Dakota shall maintain adequate service to Melroe in accordance with accepted engineering practices in operation of electric utilities; provided however, that Montana-Dakota shall not be liable to Melroe for interruptions or suspension of service for the purpose of making repairs or improvements in any part of its generation, transmission and distribution system, or if such performance is prevented by employee strikes or walkouts, accidents to machinery or apparatus, acts of God, fires, wars, armed conflict, insurrection, or any other unusual condition or contingency beyond the control of Montana-Dakota.

9. GOVERNMENT REGULATION: This Agreement is subject to any present and future laws and Public Service Commission approved Montana-Dakota and public utility rules for providing electric service, including Montana-

Dakota's Electric Service Rules and Regulations. Any provision herein inconsistent with such laws or rules is amended to comply therewith.

10. INDEMNIFICATION: Melroe agrees to indemnify and hold Montana-Dakota harmless from any and all injury, loss or damage resulting from Melroe's negligent or wrongful acts under and during the term of this Agreement. Montana-Dakota agrees to indemnify and hold Melroe harmless from any and all injury, loss or damage resulting from Montana-Dakota's negligent or wrongful acts under and during the term of this Agreement.

11. TERM: This Agreement shall become effective upon approval by the North Dakota Public Service Commission and shall remain in full force and effect for an initial period extending from the date thereof for ten (10) years, and from year to year thereafter. Either Party may cancel this Agreement at any time after the initial 10-year period, provided that no less than six (6) months written notice is furnished to the other Party.

12. BREACH OF AGREEMENT: If either Party breaches the terms of this Agreement, including nonpayment by Melroe of any amounts due Montana-Dakota hereunder, and does not correct the breach within thirty (30) days, the other party may declare the Agreement null and void and terminate their obligations hereunder. If the breach is caused by Melroe's installation of additional electric power generation equipment or by the purchase of electricity from a supplier other than Montana-Dakota, Melroe shall be liable to Montana-Dakota for all damages resulting from the breach, including all stranded investment costs.

13. ASSIGNMENT: This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties.

14. NOTICES: Notices required hereunder shall be in writing and shall be sent to the respective addresses below:

To Montana-Dakota: Vice President-Marketing &
Business Development
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

To Melroe: Steven Krahler, Plant Manager
Melroe Company
P. O. Box 1215
Bismarck, ND 58502-1215

15. ENTIRE AGREEMENT: This is the entire Agreement between the parties hereto and may be amended only by written agreement, properly executed by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

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

Attest: Douglas W. Schulz
DOUGLAS W. SCHULZ,
Assistant Secretary

By: Ronald G. Skarphol
RONALD G. SKARPHOL
Vice President-Marketing &
Business Development

Handwritten initials: RSK, RSK

MELROE COMPANY

Attest: Dave Laborico
* Dave Laborico

By: Steve Krahler
Steve Krahler

Title: General Foreman

Title: Plant Manager
Plant Manager

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

EXHIBIT B

RATE SCHEDULE

RATE:

Demand Charge: \$5.25 per kW of billing demand.
Energy Charge:
 First 1,000,000 kWh per month \$0.04437 per kWh
 Over 1,000,000 kWh per month \$0.02598 per kWh

MINIMUM BILL:

Demand Charge

PAYMENT:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

DETERMINATION OF BILLING DEMAND:

The demand in kilowatts for billing purposes shall be the greater of the maximum 15-minute measured demand in the current month or 1000 kW. Demands will be determined to the nearest one-tenth kilowatt.

POWER FACTOR CLAUSE:

Montana-Dakota reserves the right to require Melroe to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Melroe operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$1.75 per Kvar of such demand.

DISCOUNT FOR PRIMARY SERVICE:

A five percent discount shall be allowed if Melroe provides their own transformers, related equipment, and distribution facilities downstream of the meter, satisfactory to Montana-Dakota, so that Melroe can receive service and be metered at primary voltages of 2,400 volts or greater.

FUEL CLAUSE:

Bills are subject to an adjustment for cost of fuel as provided in Rate 58, or any amendments or alterations thereto.

SPECIAL TERMS AND CONDITIONS:

1. Melroe shall consult with Montana-Dakota before proceeding to design or erect installations in which there will be a substantial electric load, to make sure Montana-Dakota's equipment will meet requirements and Melroe receives adequate service.
2. The foregoing schedule is subject to Rate 130 and any amendments or alterations thereto or additional rules and regulations promulgated by Montana-Dakota under the laws of the state.

INTERRUPTIBLE ELECTRIC SERVICE AGREEMENT

THIS AGREEMENT, made in duplicate this 23 day of FEBRUARY, 2000, by and between MELROE COMPANY, a corporation, PO Box 1215, 521 S. 22nd Street, Bismarck, ND 58504, hereinafter referred to as "Melroe", and MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., 400 North Fourth Street, Bismarck, North Dakota 58501, hereinafter referred to as "Montana-Dakota".

WITNESSETH:

WHEREAS, Montana-Dakota is a public utility engaged in the generation, transmission and distribution of electric energy for consumption; and

WHEREAS, Melroe is the owner of an industrial plant located at 521 S. 22nd Street, Bismarck, ND: and

WHEREAS, Melroe desires to purchase interruptible electric energy from Montana-Dakota;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein to be kept and performed by the respective parties, the parties hereto agree as follows:

1. PURCHASE AND SALE OF INTERRUPTIBLE ELECTRIC POWER: Montana-Dakota will sell to Melroe and Melroe will purchase exclusively from Montana-Dakota during the term of this Agreement all interruptible electric power required by Melroe pursuant to the terms and conditions of this Agreement and the North Dakota Public Service Commission approved Interruptible Large Power Service Rate 39 and any amendments thereto. Rate 39 may be amended through a unilateral rate filing made by Montana-Dakota and approved by the North Dakota Public Service Commission. Melroe specifically agrees not to install or operate any additional electric power generation equipment to serve Melroe's facilities or to purchase electricity from any supplier other than Montana-Dakota. This Agreement shall not, however, restrict Melroe's right to install and operate generation facilities used solely for emergency back-up purposes during interruptions in service from Montana-Dakota. None of the interruptible electric power delivered and sold hereunder shall be resold by Melroe. It is Melroe's responsibility to submit specifications and detailed plans for the installation of Melroe's equipment for review and written approval by Montana-Dakota prior to equipment purchase and installation. Written approval by Montana-Dakota in no way implies that the design meets Melroe's needs or meets requirements of the National Electrical Safety Code, or state or local laws applicable to the installation.

2. ENERGY SUPPLY: All interruptible electric power delivered under this Agreement shall be supplied through a separately metered circuit at the same voltage and phase utilized to serve the balance of Melroe's electrical load and shall be arranged to allow remote operation by Montana-Dakota.

3. EASEMENT, IF NEEDED: If it is necessary to build a substation or other facilities to serve Melroe under the interruptible rate, Melroe shall provide Montana-Dakota with an easement and location on which to build the substation or other facilities.

4. MAINTENANCE: Melroe agrees to regularly maintain the equipment owned by it and utilized by it in conjunction with the purchase and sale of interruptible electric power. Melroe shall schedule normal preventative service and repairs, overhauls, and all other planned maintenance and exercise of equipment through Montana-Dakota, not less than six months in advance. If Melroe determines that unplanned maintenance which would prevent Melroe's equipment from being available for service is necessary, Melroe shall request permission to perform the required work from Montana-Dakota as far in advance as possible. Montana-Dakota shall review Melroe's request, and attempt to schedule the necessary work during a period when interruptions are not anticipated. Melroe understands that the periods allowed for unplanned maintenance shall be at Montana-Dakota's sole discretion, and may be limited to specific times on nights, weekends, and/or holidays. Planned and unplanned maintenance during Montana-Dakota's normal peak months of July and August shall be kept to the minimum amount necessary for proper operation of Melroe's equipment. Melroe shall submit maintenance schedules in writing to Montana-Dakota's Electric System Manager at 400 North Fourth Street, Bismarck, ND 58501.

5. METERS AND METERING: All interruptible electric power delivered hereunder shall be metered by Montana-Dakota at the "Interruptible Service" point of delivery shown on Exhibit "A" attached hereto. Montana-Dakota will read the meters monthly and report such meter readings to Melroe. Montana-Dakota shall install a recorder in Melroe's interruptible circuit to confirm time of interruptions. Montana-Dakota shall test the meters according to approved rules of the North Dakota Public Service Commission.

6. RATE SCHEDULES: The demand charge and energy charge to be paid by Melroe shall be paid in accordance with Rate 39 attached hereto as Exhibit "B". As set forth in Section 1, PURCHASE AND SALE OF INTERRUPTIBLE ELECTRIC POWER, this rate schedule may be amended through a unilateral rate filing made by Montana-Dakota and approved by the North Dakota Public Service

Commission. Melroe's initial monthly Base Rate payments to Montana-Dakota, as Base Rate is defined by Rate 39, shall be: \$571 per month. This Agreement is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

7. POWER UTILIZATION: When multiple phase service is provided, electric power shall be taken and used so that the current will be balanced equally on all phases. Whenever the difference between the currents shall exceed ten percent (10%) of the total amount taken from any one phase, either at the time of minimum or maximum demand, the load shall be so arranged that the unbalanced condition will not exceed ten percent (10%).

8. INTERRUPTIBLE SERVICE: Electric power supplied under this Agreement shall be on an interruptible basis. The frequency and duration of interruptions shall be at the sole discretion of Montana-Dakota. Montana-Dakota will require Melroe to interrupt service within ten (10) minutes or less after receipt of notification or signal to interrupt service from Montana-Dakota's electric system control center in Bismarck, ND. Restoration of service can only occur after receipt of notification or signal from Montana-Dakota's electric system control center that restoration is permitted.

9. MOMENTARY PARALLEL GENERATION: Melroe installations designed for momentary (180 seconds or less) parallel operation with Montana-Dakota's system shall meet the requirements as defined in the "Guidelines for Interconnection Requirements and Parallel Operation of Customer-Owned Generation" dated January 1999. Although no modifications to existing equipment are deemed necessary at this time, Melroe shall be aware that changes to Montana-Dakota's system, the addition of other Customer-Owned generation in the same vicinity, or deficiencies in Melroe's equipment, may require modifications to the interconnection protective devices. If such changes are required, Melroe may be subject to future charges for these modifications.

10. FORCE MAJEURE: The term "Force Majeure" as used herein, means unforeseeable causes beyond the reasonable control of and without fault or negligence of Melroe, but does not mean causes resulting from normal operation and maintenance of Melroe's generation equipment. Such Force Majeure 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. If Melroe, because of Force Majeure, is rendered wholly or partly unable to perform its obligation under this Agreement, which obligation is to interrupt electric service within ten (10) minutes or less after receipt of notification or signal to interrupt service from Montana-Dakota's electric system control center, then Melroe shall be excused by the Force Majeure from paying the penalty described in Paragraph 15 but not from paying for services as described in Paragraph 6, provided that:

1. Melroe, within ten (10) days after the occurrence of the Force Majeure, gives Montana-Dakota written notice describing the particulars of the condition or occurrence which resulted in the Force Majeure;
2. The suspension of performance is of no greater scope nor of longer duration than is required by the Force Majeure;
3. Obligations of Melroe which arose before the occurrence causing the suspension of performance are not excused as a result of the occurrence of Force Majeure; and
4. Melroe uses its best efforts to remedy its inability to perform.

11. SERVICE LIABILITY: Montana-Dakota shall maintain service to Melroe in accordance with accepted engineering practices in the operation of electric utilities, but shall not be liable to Melroe for any loss or damage caused by or resulting from interruptions or the suspension of service under this Agreement.

12. GOVERNMENT REGULATION: This Agreement is subject to any present and future laws and Public Service Commission approved Montana-Dakota and public utility rules for providing electric service, including Montana-Dakota's Electric Service Rules and Regulations. Any provision herein inconsistent with such laws or rules is amended to comply therewith.

13. INDEMNIFICATION: Melroe agrees to indemnify and hold Montana-Dakota harmless from any and all injury, loss or damage resulting from Melroe's negligent or wrongful acts under and during the term of this Agreement. Montana-Dakota agrees to indemnify and hold Melroe harmless from any and all injury, loss or damage resulting from Montana-Dakota's negligent or wrongful acts under and during the term of this Agreement.

14. TERM: This Agreement shall become effective upon approval by the North Dakota Public Service Commission and shall remain in full force and effect for an initial period extending for ten (10) years from the date thereof, and continue thereafter until either party cancels the Agreement.

Any change in the foregoing names and numbers shall be provided to Montana-Dakota immediately in writing.

18. ASSIGNMENT: With the written approval of Montana-Dakota, Melroe may assign its rights and obligations under this Agreement to any subsequent owner or operator of Melroe's facility.

19. NOTICES: Notices required hereunder, other than oral or telephone interruption orders, shall be in writing and shall be sent to the respective addresses below:

To Montana-Dakota: Vice President-Marketing &
Business Development
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

To Melroe: Steve Krahler, Plant Manager
Melroe Company
P.O. Box 1215
Bismarck, ND 58502-1215

20. ENTIRE AGREEMENT: This is the entire agreement between the parties hereto and may be amended only by written agreement, properly executed by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

Attest: Douglas W. Schulz
DOUGLAS W. SCHULZ
Assistant Secretary

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.
By: Ronald G. Skarphol
RONALD G. SKARPHOL
Vice President-Marketing &
Business Development

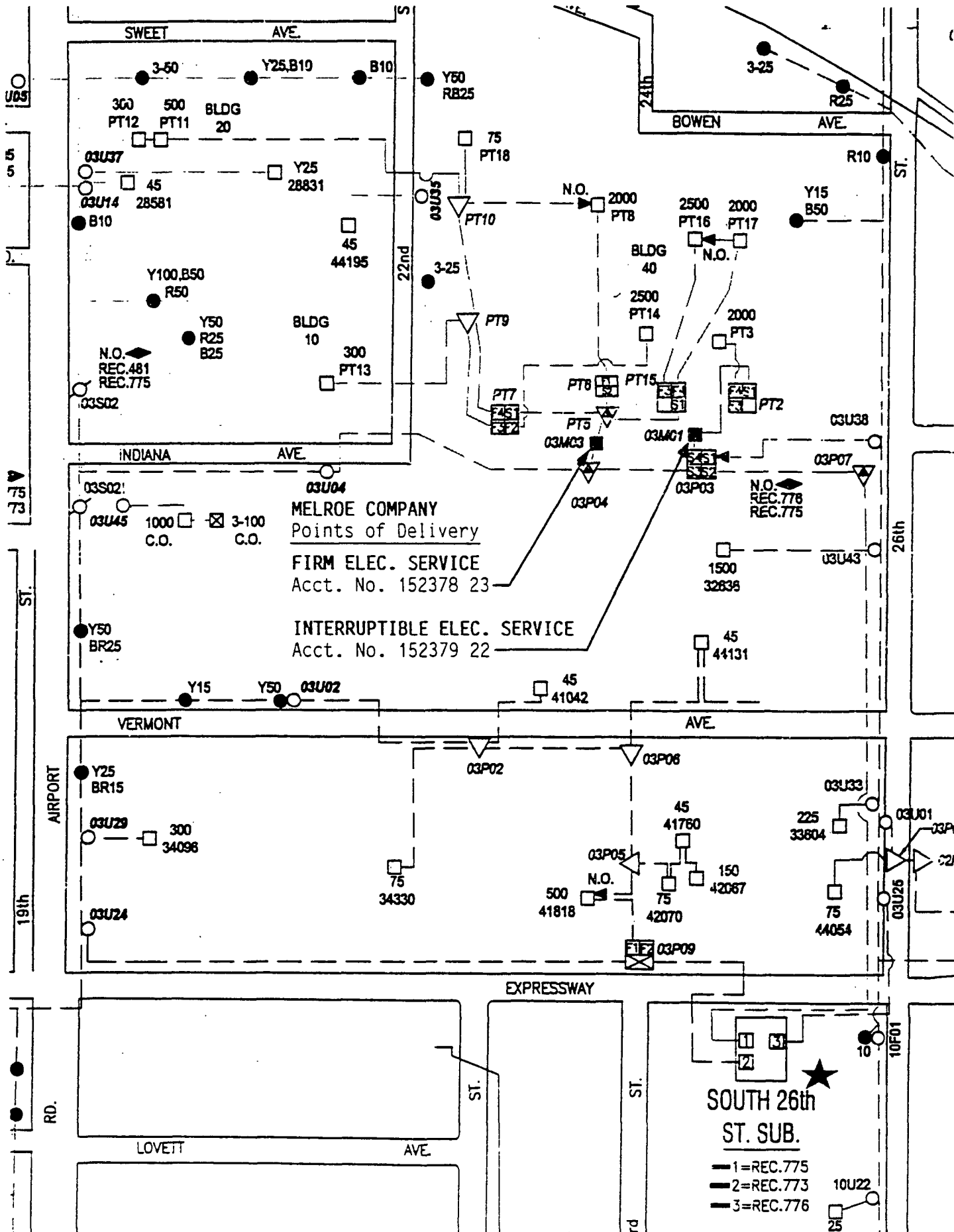
*2024
Form + Style OK
DWS*

Attest: Dave Laborico
* Dave Laborico
Title: General Foreman

MELROE COMPANY
By: Steve Krahler
* Steve Krahler
Title: Plant Manager
Plant Manager

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

EXHIBIT A



INTERRUPTIBLE LARGE POWER SERVICE Rate 39

AVAILABILITY:

In all communities served for power to customers having a demand of 200 Kw or more for its interruptible load. Electric energy for the interruptible load shall be supplied through a separately metered circuit at the same voltage and phase utilized to serve the balance of the customer's electrical load so arranged to allow remote operation by the Company.

TYPE OF SERVICE:

Service under this rate shall be taken by the customer at whatever primary voltage is available at the point of delivery but not less than 2,400 volts. In the event that it is necessary to build a substation on the Company's transmission line to serve the customer, the cost of building the substation shall be a matter of negotiation between the Company and the customer.

RATE:

Base Rate: Specified in the electric service agreement with the Company.
Demand Charge: \$1.70 per Kw of billing demand
Energy Charge: 3.173¢ per Kwh

MINIMUM BILL:

Base Rate plus the Demand Charge (200 Kw minimum).

PAYMENT:

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

DETERMINATION OF BILLING DEMAND:

The demand in kilowatts for billing purposes shall be the greater of the maximum 15 minute measured demand in the current month or 200 Kw. Demands will be determined to the nearest one-tenth kilowatt. Customers whose loads have rapidly fluctuating and/or intermittent demand characteristics shall be subject to special rules and regulations.

MONTANA-DAKOTA

[Handwritten signature]

Date Filed: December 29, 1988 Effective Date: For bills rendered on and after January 1, 1989
Issued By: C. Wayne Fox, Vice President - Regulatory Affairs & General Services

Case No. _____

INTERRUPTIBLE LARGE POWER SERVICE Rate 39

POWER FACTOR CLAUSE:

The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 90% lagging and 90% leading. If the customer operates outside this range, the maximum 15 minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15 minute integrated kilowatt demand for the same month will be billed at \$1.75 per Kvar of such excess demand.

FUEL CLAUSE:

Bills are subject to an adjustment for cost of fuel as provided in Rate 58, or any amendments or alterations thereto.

SPECIAL TERMS AND CONDITIONS:

1. The customer shall execute an electric service agreement with the Company which may include, among other provisions, a minimum term of service and monthly Base Rate payments to the Company. The monthly Base Rate payments are determined on a customer by customer basis and shall include, but are not limited to, any additional costs incurred by Company for facilities, such as substations, electric lines, meters, switching devices, and circuit breakers that are necessary to provide service under this rate.
2. All equipment associated with the interruptible load must be of such voltage and electrical characteristics that it can be separately metered and served from the circuit provided for the interruptible portion of the customer's load. If the equipment to be served is such that this is impossible, the customer must either make special arrangements with the Company or furnish the necessary equipment suitable for connection and metering to the circuit for the interruptible portion of the load.
3. The customer must provide a load-break switch or circuit breaker equipped with electrical trip and close circuits allowing for remote operation of the customer's switch or circuit breaker by Company. Customer must wire the trip and close circuits into a connection point designated by the Company to allow installation of control equipment by Company. Customer must provide a continuous 120 volt AC power source at the connection point for operation of the Company's control system.

APPROVED PSC N. DAK.

Date Filed: January 29, 1987 Effective Date: _____

Issued By: C. Wayne Fox, Vice President - Regulatory Affairs

Case No. _____

INTERRUPTIBLE LARGE POWER SERVICE Rate 39

SPECIAL TERMS AND CONDITIONS: (Cont.)

4. The duration and frequency of interruptions shall be at the sole discretion of the Company.
5. The Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.
6. The foregoing schedule is subject to Rate 130 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

APPROVED PSC N. DAK.

FEB 8 1987

Case No. 10,799
Estimate No. _____

Date Filed: January 29, 1987 Effective Date: _____

Issued By: C. Wayne Fox, Vice President - Regulatory Affairs

Case No.: _____

PA 399-00-119

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

C Wayne Jof
M.D.
1400 714th St
Bismarck ND 58501

4a. Article Number

3 324 719 682

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

4/14/00

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Claid Smith*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-08-8-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.