

DIVIDER

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

PU-399-00-134

**Montana-Dakota Utilities Co., a Division of MDU Re
Sabin Metal West Corp Service Agreement**

Approval

00

Filed 3/27/2000

Closed 6/28/2000

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Sabin Metal West Corp Service Agreement
Approval

Case No. PU-399-00-134

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 **27th 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 719 735

Sharon Helbling further deposes and says that on the **27th 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 Helbling

Subscribed and sworn to before me
this **27th day of April, 2000.**

Sandra L. Scott

Notary Public

SEAL



MOTION

APPROVED:

DATE: 4-26-00

April 26, 2000

KME

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
Sabin Metal West Corp Service Agreement
Approval**

Case No. PU-399-00-134

I move the Commission adopt the Order approving Montana-Dakota Utilities Co.'s electric service agreement with Sabin Metal West Corporation to serve its processing plant in Williston, North Dakota, Case No. PU-399-00-134.

JRL/sdh

000134-2.doc

4 PU-399-00-134

04/26/2000

Public Service Commission

Motion

Pages: 1

CC: Comm Legal PUD (3)

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
Sabin Metal West Corp Service Agreement
Approval**

Case No. PU-399-00-134

ORDER APPROVING ELECTRIC SERVICE AGREEMENT

April 26, 2000

On March 27, 2000, Montana-Dakota Utilities Co. (MDU) filed an electric service agreement negotiated with Sabin Metal West Corporation (Sabin) for firm service to an operation that will recover precious metals from spent catalysts in Williston, North Dakota.

MDU states the agreement was offered to assist in making it economically feasible for Sabin to begin operating a Williston processing plant that has been idle since May, 1997. Under the agreement, Sabin receives reduced rates compared to those that would otherwise be applicable under MDU's Large General Service Rate 30. In return, Sabin 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 electric service agreement negotiated with Sabin Metal West Corporation filed on March 27, 2000 is 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 Bruce Hagen Leo M. Reinbold
Commissioner President Commissioner

INFORMAL AGENDA

April 12, 2000

PU-2230-00-50	Pathnet, Inc. Local Exchange/Interexchange Public Convenience and Necessity
PU-2233-00-58	Adelphia Business Solutions, Inc. Local Exchange/Interexchange Public Convenience and Necessity
PU-2236-00-61	NewPath Holdings, Inc. Local Exchange/Interexchange
PU-399-00-134	Montana-Dakota Utilities Co. Sabin Metal West Corp Service Agreement Approval

14 PU-2230-00-50 Pages: 0
04/12/2000
Public Service Commission
Informal Hearing held

CC: Comm Legal PUD (3)

12 PU-2233-00-58 Pages: 0
04/12/2000
Public Service Commission
Informal Hearing held

CC: Comm Legal PUD (3)

13 PU-2236-00-61 Pages: 0
04/12/2000
Public Service Commission
Informal Hearing held

CC: Comm Legal PUD (3)

2 PU-399-00-134 Pages: 0
04/12/2000
Public Service Commission
Informal Hearing held

CC: Comm Legal PUD (3)



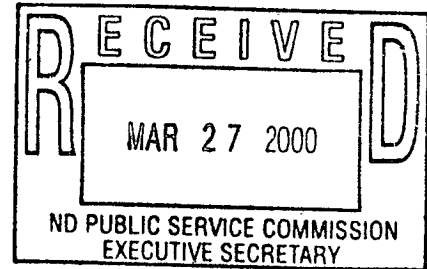
MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

March 24, 2000



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

Re: Sabin Metal West Corporation
Electric Service Agreement

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 between Montana-Dakota and Sabin Metal West Corporation (Sabin) in accordance with Section 69-09-02-01, Subsection 3, of the North Dakota Public Service Commission Electric Rules and Regulations.

Sabin, headquartered in New York, has been in the business of recovering precious metals from spent catalysts and other products and processes since 1945. Sabin has purchased the spent catalyst processing facility, formerly owned and operated by Dakota Catalyst Products, located in Williston, North Dakota. Sabin has advised the Company that they will be using the same equipment as Dakota Catalyst Products, and will be processing a cleaner and more valuable type of catalyst. The attached Firm Service Agreement provides for the sale of all firm electric power required by Sabin's facilities at a rate less than the otherwise applicable Large General Electric Service Rate 30. This firm service rate was offered in order to assist in making it economically feasible for Sabin to begin operating the spent catalyst processing plant in Williston that has been idle since May 1997. Reactivation of this facility will result in economic growth for the state of North Dakota and will provide benefits to the Company's other electric service customers. The agreement also provides that Sabin will not install or operate any additional electric power generation equipment or purchase electricity from any supplier other than Montana-Dakota.

The rate applicable under the attached Firm Service Agreement is comprised of the following components:

- A demand charge of \$3.00 per kW of billing demand for the first 12 months of operation. This charge is designed to aid in the start-up phase of the operation while still providing for a contribution toward fixed demand-related costs.

1 PU-399-00-134

Pages: 7

03/27/2000

Montana-Dakota Utilities Co., a Division of MDU

Sabin Metal West Corp. Service Agreement

approval filing

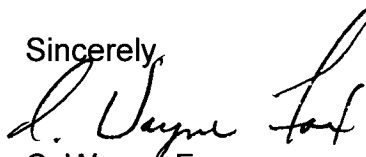
CC: Comm Legal PUD (3)

- A demand charge of \$5.25 per kW of billing demand will apply after the initial 12-month period. This charge is equal to the demand charge component of the currently authorized Large General Service Rate 30.
- An energy charge of \$.0299 per kWh for all energy used. This charge will be subject to adjustments applicable under Montana-Dakota's authorized Fuel Adjustment Clause Rate 58.
- After a 5-year period, starting the sooner of January 1, 2001 or the first month the billing demand is 1000 kW or greater, the contract rate will be tied to the percentage change in the Large General Service Rate 30 energy and demand components as approved by the Commission.

Sabin is expecting to assume ownership of the facility in April and begin taking electric service under the attached Service Agreement 60 to 90 days following the close of the sale.

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 10 day of March, 2000, by and between SABIN METAL WEST CORPORATION, a corporation, 300 Pantigo Place, Suite 102, East Hampton, NY 11937, hereinafter referred to as "Customer," 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 "Company,"

WITNESSETH:

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

WHEREAS, Customer, is the operator of an industrial processing plant located at 15 12th Avenue East, Williston, ND 58801; and

WHEREAS, Customer desires to purchase firm electric power for this plant from Company; and

WHEREAS, Company 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: Company will sell to Customer and Customer will purchase exclusively from Company, pursuant to the terms and conditions of this Agreement, all firm electric power required by Customer's facility specified by Exhibit "B". Customer agrees not to purchase electricity from any supplier for this facility other than Company during the term of this Agreement. Customer agrees not to install or operate any electric power generation equipment to serve Customer's facility. This Agreement shall not, however, restrict Customer's right to install and operate generation facilities used solely for emergency back-up purposes during interruptions in firm service from Company. Customer shall resell none of the electric power delivered and sold hereunder.

2. POINT OF DELIVERY: All electric power delivered hereunder shall be supplied through a separately metered circuit at 12,470 volts, 60 cycle alternating current, three phase, at the point of delivery listed on Exhibit "B" attached hereto. Company shall construct and own, at its expense, the facilities necessary to serve the Customer's load up to 10 MVA. The cost of any additional facilities required to serve Customer's load greater than 10MVA shall be a matter of negotiation between the Company and the Customer. Company will read the meter monthly and report such readings to Customer.

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: Company 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. Customer's electric load shall comply with the recommendations within Section 10 of IEEE Std. 519-1992 "Recommended Practices & Requirements for Harmonic Control in Electric Power Systems" at the point of metering interconnection. Failure by Customer to correct these conditions within ninety (90) days following written notification by Company, unless correction within 90 days is not feasible and Customer is proceeding diligently to correct the condition, will result in Breach of Agreement.

5. RATE SCHEDULE: All electric power delivered hereunder shall be purchased by Customer in accordance with the rate schedule attached hereto as Exhibit "A". It is agreed that after the first five years of this Agreement, 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 Company's Large General Service Rate 30 or any succeeding applicable firm service electric rate that Customer 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(3).

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 Customer a priority to the electric power supplied by Company, but Customer shall be on a parity with all other non-interruptible customers of Company.

8. SERVICE AND LIABILITY: Company shall maintain adequate service to Customer in accordance with accepted engineering practices in operation of electric utilities; provided however, that Company shall not be liable to Customer 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 Company. Company will endeavor to give Customer as much notice as possible prior to disruption or interruption of service.

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

10. 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.

11. TERM: Subject to Customer's right to terminate in accordance with paragraph 12, 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 of ten (10) years from the first month in which Customer's maximum fifteen-minute measured demand exceeds 1000 kW or January 1, 2001 which ever occurs first, 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 Customer of any amounts due Company hereunder or non-performance by Company, 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 Customer's installation of additional electric power generation equipment or by the purchase of electricity from a supplier other than Company, Customer shall be liable to Company for all actual damages resulting from the breach, including all net, verifiable, non-mitigatable stranded investment costs attributable to providing service to Customer as defined by North Dakota law, Federal law, or Public Service Commission rule(s) at the time of such breach.

13. ASSIGNMENT: Customer may assign this Agreement to a subsidiary or successor company during the term of this Agreement. 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 Sabin Metal: Plant Manager
Sabin Metal West Corporation
P. O. Box
Williston, ND 58801

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: Lester H. Loble II
~~XXXXXXXXXXXX~~
~~XXXXXXXXXXXX~~
LESTER H. LOBLE, II
Secretary

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

Attest: Robert D. Jacobsen
*
Title: Vice President

SABIN METAL WEST CORPORATION
By: Gregory W. Alexander
*
Title: General Manager

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

EXHIBIT A

RATE SCHEDULE

RATE: *

Base Rate: \$15.00 per month
Demand Charge: First 12 mo. @ \$3.00 per kW of billing demand.
After 12 mo. @ \$5.25 per kW of billing demand.
Energy Charge: \$0.0299 per kWh
* Fixed for first five (5) Years.

MINIMUM BILL:

\$3,000.00 per month

PAYMENT:

Bills will be considered past due if not paid by the due date shown on the bill, which will not be less than 22 days after rendering. 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 maximum 15-minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt.

POWER FACTOR CLAUSE:

Company reserves the right to require Customer 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 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 demand.

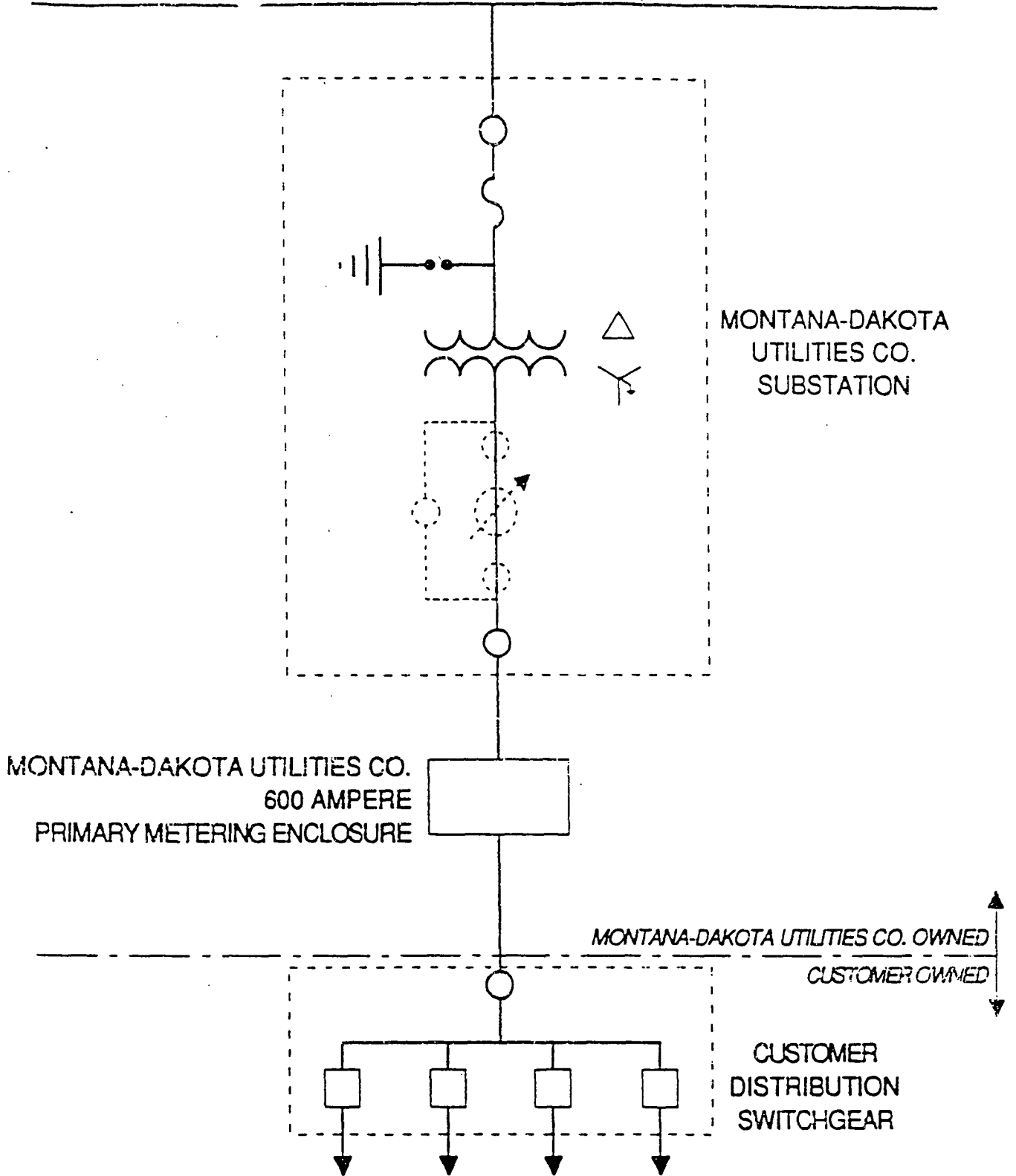
FUEL CLAUSE:

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. Customer shall consult with Company before proceeding to design or erect installations in which there will be a substantial electric load, to make sure Company's equipment will meet requirements and Customer 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 Company under the laws of the state.

WILLISTON 57KV LOOP LII



ONE LINE DIAGRAM

EXHIBIT B

DATE: 1/8/91	 MONTANA-DAKOTA UTILITIES CO. ELECTRIC SUBSTATION DEPARTMENT	SCALE: N/A
APPROVED:		DRAWING NO:

PU-399-00-134

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Wayne Fox
 Mail
 400 N 4th St
 Bismarck ND 58501

2. Article Number (Copy from service label)

3 324 719 735

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 42800

C. Signature Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes