

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities, Co. - Capital
Electric Coop
Service Area Agreement
Application**

Case No. PU-07-754

ORDER

January 16, 2008

On November 19, 2007, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. ("Montana-Dakota") and Capital Electric Cooperative, Inc. ("Capital Electric") filed a joint application for approval of a Service Area Agreement to establish service areas and designate service locations to be served by Montana-Dakota and Capital Electric within the City of Bismarck, North Dakota and the surrounding area.

On December 6, 2007 the Commission issued a Notice of Filing, Notice of Informal Hearing, and Notice of Opportunity For Hearing, scheduling an informal hearing for January 7, 2007 and providing until January 7, 2007 for receiving written comments and requests for hearing. No written comments or requests for hearing were received. The notice identified the issues to be considered in this proceeding as whether the Service Area Agreement complies with section 49-03-06 of the North Dakota Century Code and whether approval of the Service Area Agreement is compatible with the public interest.

On January 7, 2007 the Commission discussed the issues with Commission staff and the applicants at an informal hearing. The applicants contend that the Agreement will:

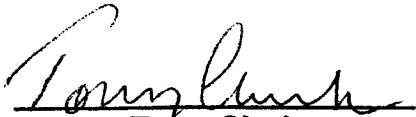
1. Avoid misunderstanding and disagreement over areas to be served by each party,
2. Accomplish the legislative intent of N.D.C.C. section 49-03-06 to encourage harmony and operational efficiency among electric providers, promote safety, discourage unreasonable duplication of electric facilities, assure adequate and reliable electric service and provide antitrust immunity to the electric providers, and
3. Provide both parties with equitable participation in the provision of electric distribution service within undeveloped areas annexed to the City of Bismarck during the term of the Agreement.

Having considered this matter the Commission finds that the Service Area Agreement complies with N.D.C.C. section 49-03-06 and is compatible with the public interest, and should be approved. Therefore, the Commission issues the following:

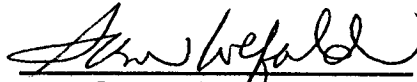
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The Commission Orders that the electric service agreement filed jointly by Montana-Dakota and Capitol Electric is APPROVED.

PUBLIC SERVICE COMMISSION



**Tony Clark
Commissioner**



**Susan E. Wefald
President**



**Kevin Cramer
Commissioner**