

North Dakota Public Service Commission
INFORMAL HEARING
March 25, 2009

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc./Mountrail-
Williams Electric Cooperative
Stanley Area
Service Area Agreement**

Case No. PU-09-39

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
Stanley Area – Service Area Agreement
Public Convenience & Necessity**

Case No. PU-09-40

Summary of Proposal: MDU and Mountrail-Williams Electric Cooperative filed a joint application for approval of a Service Area Agreement to establish service areas and designate service locations to be served by MDU and Mountrail-Williams within and around the City of Stanley, North Dakota. The Agreement provides that each supplier will continue to serve existing customers, but will not serve new customers within the other supplier's agreed-upon service area. The term of the Agreement extends through 12/31/2013, but it can be terminated at any time with mutual agreement by the parties. After 12/31/2013, the Agreement renews automatically for five year terms unless either party provides at least 180 days prior written notice of termination. The application also includes a request for a certificate of public convenience and necessity (Case No. PU-09-40) authorizing MDU to extend service under the agreement to customers outside the city of Stanley.

Recommendation: I recommend the Commission approve the agreement and issue the requested PC&N.

Discussion: On February 11, 2009 the Commission issued a Notice of Filing, Notice of Informal Hearing and Notice of Opportunity for Hearing, which provided until March 24, 2009 for receiving written comments or hearing requests. No response has been 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 the approval of the Service Area Agreement is compatible with the public interest.

The parties contend that the Agreement is in the public interest because it 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 Stanley during the term of the agreement.

Prepared by: Jerry Lein