



UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

June 20, 2011

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

Re: Application for Approval of Service
Area Agreement & Request for a Certificate of
Public Convenience & Necessity
Case No. PU-11-_____
Case No. PU-11-_____

Enclosed are the original and seven copies of a joint Application made by Mountrail-Williams Electric Cooperative ("Mountrail-Williams") and Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. ("Montana-Dakota"), for approval of a Service Area Agreement to establish service areas and to designate service locations to be served by Montana-Dakota and Mountrail-Williams within the City of Williston and the surrounding area. Montana-Dakota also requests the Commission issue a Certificate of Public Convenience & Necessity authorizing it to extend service to locations within the Montana-Dakota service area set forth in the Agreement.

This Service Area Agreement with Mountrail-Williams along with Montana-Dakota's request to transfer its distribution franchise, works and system used in the provision of electric distribution service within the community of White Earth, North Dakota to Mountrail-Williams in Case No. PU-11-230 are examples of the operational efficiency benefits to be gained when the cooperative and investor owned utility work together in planning and providing electric services.

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,

Tamie Aberle
Regulatory Affairs Manager

Attachments
cc: Dan Kuntz
Dale Haugen
Ken Callahan

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

Mountrail-Williams Electric
Cooperative/Montana-Dakota Utilities Co.
Williston Area
Service Area Agreement

Case No. PU-11-_____

Application for Approval of Service Area Agreement

Mountrail-Williams Electric Cooperative, ("Mountrail-Williams"), an electric cooperative organized under N.D.C.C. Chapter 10-13, and Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., ("Montana-Dakota"), an electric public utility, submit this joint application for approval of a Service Area Agreement pursuant to N.D.C.C. § 49-03-06. The Service Area Agreement, which accompanies this Application, was entered into by Montana-Dakota and Mountrail-Williams as electric providers in compliance with the provisions of N.D.C.C. § 49-03-06 to establish service areas and to designate service locations to be served by Montana-Dakota and Mountrail-Williams within the City of Williston and the surrounding area. The Service Area Agreement complies with N.D.C.C. § 49-03-06 and 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. § 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 Williston during the term of the Agreement.

Montana-Dakota and Mountrail-Williams request the Public Service Commission, after Notice as provided in N.D.C.C. § 49-03-06(4), approve the Service Area Agreement after finding the Agreement in Compliance with N.D.C.C. § 49-03-06 and in the public interest.

Notices regarding this matter should be directed to:

For Montana-Dakota Utilities Co.:

Tamie Aberle
Regulatory Affairs Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
PO Box 5650
Bismarck, ND 58502-5650

For Mountrail-Williams Electric Cooperative:

Dale L. Haugen
General Manager
Mountrail-Williams Electric Cooperative
218 58th Street West
Williston, ND 58802

Dated this 20th day of June, 2011.

Respectfully submitted,

Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.



By: Tamie Aberle
Regulatory Affairs Manager

Mountrail-Williams Electric Cooperative, Inc.



By: Dale L. Haugen
General Manager

SERVICE AREA AGREEMENT

This Service Area Agreement ("Agreement"), dated as of the 15th day of June, 2011, is entered into between Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., with its address at 400 North Fourth Street, Bismarck, North Dakota 58501 ("Montana-Dakota") and Mountrail-Williams Electric Cooperative with its address at 218 58th Street West, Williston, North Dakota 58802 ("Mountrail-Williams"). Montana-Dakota and Mountrail-Williams are hereafter referred to individually each as a "Party" and cumulatively as the "Parties" to this Agreement.

The Parties enter into this Agreement pursuant to Section 49-03-06 of the North Dakota Century Code to encourage harmony and operational efficiency in the provision of electric distribution service in the area within and around the City of Williston described herein; to promote safety and discourage unreasonable duplication of electric facilities; to assure adequate and reliable electric service for all consumers within the area of this Agreement; to obtain anti-trust immunity for the terms and conditions of this Agreement; and to provide both parties with equitable participation in the provision of electric distribution service to new Service Locations within undeveloped areas annexed to or in the vicinity of the City of Williston; and to serve as a guide for service to such future growth and development.

RECITALS

WHEREAS, Montana-Dakota is a public utility providing electric distribution service to customers in North Dakota.

WHEREAS, Mountrail-Williams is a North Dakota rural electric cooperative providing electric distribution service to its members in North Dakota.

WHEREAS, Montana-Dakota and Mountrail-Williams have each been granted a franchise to construct, maintain, and operate electric distribution systems in the City of Williston. Montana-Dakota and Mountrail-Williams desire to enter into a new service area agreement in compliance with the provisions of N.D.C.C. § 49-03-06 to establish service areas and to designate Service Locations to be served by Montana-Dakota and by Mountrail-Williams within the City of Williston and the surrounding area.

WHEREAS, Montana-Dakota and Mountrail-Williams believe a service area agreement between them relative to their electric distribution services and facilities in and around Williston, North Dakota is consistent with the public interest by avoiding misunderstanding and disagreement over areas to be served by each party, by accomplishing the legislative intent of N.D.C.C. § 49-03-06, and by providing both parties with equitable participation in the provision of electric distribution service to new service locations annexed to or within the vicinity of the City of Williston.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

**ARTICLE I.
SERVICE AREA**

1.1 Montana-Dakota Service Area. Except as otherwise provided herein, from and after the Effective Date, Montana-Dakota shall provide electric distribution service, consistent with the applicable law and requirements of its franchise with the City of Williston, North Dakota, to (1) all new Service Locations within the corporate limits of the City of Williston, as the corporate limits exist on the date of this Agreement and are shown on Attachment A to this Agreement, excepting the shaded blue areas, which will be served by Mountrail-Williams, and (2) to all new Service Locations in the service areas shaded in yellow on Attachment A to this Agreement (collectively "Montana-Dakota Service Area").

1.2 Mountrail-Williams Service Area. Except as otherwise provided herein, from and after the Effective Date, Mountrail-Williams shall provide electric distribution service, consistent with the applicable law and requirements of its franchise with the City of Williston, North Dakota, to (1) all new Service Locations in the area shaded blue on Attachment A to this Agreement, and (2) those areas outside the existing corporate limits as they exist on the date of this Agreement of the City of Williston that are not shaded yellow (collectively "Mountrail-Williams Service Area").

1.3 Exclusive Territory. For purposes of this Agreement, "Service Location" means the structures, facilities, or improvements on a parcel of real property to which electric service is provided. A Service Location includes expansions, improvements, or

additions to existing structures, facilities and other improvements made after the date of this Agreement except as otherwise provided below. Except as provided herein, Montana-Dakota shall not provide electric distribution service to any Service Location within the Mountrail-Williams Service Area, and Mountrail-Williams shall not provide electric distribution service to any Service Location within the Montana-Dakota Service Area. Notwithstanding the foregoing, each Party is permitted to continue to serve Service Locations in the other Party's service area if the Party was providing electric service at such Service Locations on the date of this Agreement. If there is a material change of the use of the Service Location, the Party serving the location may continue to serve it, and this provision will continue to bind both Parties after this Agreement expires. Each Party shall continue to be the service provider for each such Service Location in the other Party's service area, until such time as:

- (A) the use of the electrical load at the Service Location has been abandoned and electric service discontinued for a continuous period of at least 90 days; or
- (B) the Parties mutually agree in writing to the transfer of electric service to a Service Location.

1.4 Service Requests. If either party to this Agreement is requested to provide electric service to a Service Location in the other party's service area, such service may be supplied on either a temporary or permanent basis only with the written consent of the other party, provided that such individual exception shall not in any way alter the

basic intentions of the parties, that each shall not provide electric service to any Service Location in the other party's service area.

1.5 Transfer of Service Locations. If a transfer or an exchange of Service Locations can be agreed upon by both parties, the parties may negotiate to exchange or sell and purchase equipment, plant or facilities located in one another's service areas. To the extent applicable, a sale, exchange, transfer or lease of equipment, plant, or facilities made under this section of this Agreement is subject to N.D.C.C. §§ 49-04-05 and 10-13-08.1.

1.6 Abandonment or Removal of Facilities. If either party terminates service to a Service Location in the other party's service area, and existing facilities to the Service Location are not acquired by the other party, such facilities may be abandoned or removed by the party that owns the facilities at its expense.

1.7 Operation of Facilities Outside a Service Area. This Agreement does not affect Montana-Dakota's or Mountrail-Williams' rights to construct transmission or distribution line facilities or to maintain existing transmission or distribution line facilities in the other party's service area for the purpose of providing adequate electric power in any area it serves. It is the intent of the Parties to provide adequate notice of any construction of transmission or distribution line facilities in the other Party's service area.

1.8 Agreements to Serve Following the Effective Date. Notwithstanding anything herein to the contrary, the Parties may at any time mutually agree in writing that any new or existing Service Location in one Party's service area shall be served by the other Party, either temporarily or permanently.

1.9 Scope of Agreement. This Agreement is intended to govern the allocation and provision of electric distribution service by and between Montana-Dakota and Mountrail-Williams within the corporate limits of the City of Williston as they exist on the date of this Agreement, and the shaded and unshaded areas shown on Exhibit A, including those areas that are planned for annexation to the City of Williston as of the date of this Agreement. The provision of electric distribution service to Service Locations outside the geographic scope of this Agreement will be governed by applicable law, any future amendments extending the scope of this Agreement, or new service area agreements which may be made between the Parties.

ARTICLE 2 TERM

2.1 Effective Date. The term of this Agreement shall commence upon the last to occur of the following events (the "Effective Date"):

- (A) The execution of this Agreement by both Parties;
- (B) The approval of this Agreement by the City of Williston, North Dakota; and
- (C) The approval of this Agreement by the North Dakota Public Service Commission.

2.2 End of Term. This Agreement may be terminated at any time by the mutual written agreement of the Parties. Otherwise, this Agreement shall continue in effect through _____, 2021. Thereafter, this Agreement shall automatically renew for successive five-year terms unless either Party provides written notice to the other Party of its intention to terminate this Agreement, or negotiate a new or amended Agreement consistent with the intent and purpose of this Agreement at least 180 days prior to the end of the initial or any extended term. Within 1 year prior to each automatic renewal of this Agreement, the Parties will meet and confer to adjust the service area boundaries if and to the extent such adjustment is appropriate to provide both parties with a reasonable opportunity for equitable participation in the future provision of electric distribution service to new Service Locations within undeveloped areas annexed to or in the vicinity of the City of Williston during the renewal period. It is the further intent of the Parties that upon or prior to termination of this Agreement, they will enter into negotiations for a new service area agreement to provide both parties with a reasonable opportunity for equitable participation in the future provision of electric distribution service to new Service Locations within undeveloped areas annexed to or in the vicinity of the City of Williston.

ARTICLE 3 SERVICE QUALITY

3.1 Cooperation. Should any customer be transferred from one Party to the other during the term of this Agreement, the Parties will cooperate with each other to

minimize disruption of the service provided to the customer to the extent reasonably practicable.

**ARTICLE 4
FRANCHISES AND CERTIFICATES OF PUBLIC CONVENIENCE
AND NECESSITY**

4.1 Franchises. Neither Party will interfere with nor object to the extension of the term or scope of the other Party's franchise with the City of Williston as it may pertain to provision of electric distribution service within the other Party's service area during the term of this Agreement. Neither Party shall provide any inducement to the City of Williston to encourage the City not to renew or extend in any way the other Party's franchise as it pertains to the provision of electric distribution service within the other Party's service area during the term of this Agreement including, without limitation, any lobbying or public relations campaign pertaining to the foregoing, or through providing directly or indirectly, any financial incentive or commitment relative to its provision of electric distribution service within the other Party's service area. Nothing in this provision is intended to prohibit either Party from objecting to the terms and conditions of the other Party's franchise which could unreasonably damage or harm the objecting Party's operations or the objecting Party's service area as designated in the Agreement.

4.2 Certificates of Public Convenience and Necessity. Mountrail-Williams will not object to the issuance of a blanket Certificate or individual Certificates of Public

Convenience and Necessity to Montana-Dakota by the North Dakota Public Service Commission for the extension of electric distribution facilities and electric distribution service within the Montana-Dakota Service Area or to any customers Montana-Dakota is otherwise authorized to serve pursuant to this Agreement.

ARTICLE 5 MISCELLANEOUS

- 5.1 Complete Agreement. The Parties acknowledge that no representations or statements have been made which would modify or tend to modify any of the provisions of this Agreement. All the understandings between the Parties are contained in this Agreement. This Agreement supersedes and terminates all previous agreements entered into between the Parties with respect to the provision of electric distribution service within the scope of the geographic area of this Agreement. Any amendments to this Agreement shall be made in writing and signed by duly authorized representatives of both Parties.
- 5.2 Assignment of the Agreement. Either Party may assign this Agreement in connection with a merger, sale of substantially all of its assets, consolidation, or other reorganization where the surviving entity acquires the right to provide electric distribution service in the service area of the Party. The assigning Party shall provide notice of any assignment in writing within 60 days of the assignment.

- 5.3 Waiver. The failure of either Party at any time to require strict performance of any condition of this Agreement shall not affect the right to require full performance thereof at any time thereafter, and the waiver by either Party of a breach of any such condition shall not constitute a waiver of any subsequent breach thereof, nor nullify the validity of such condition.
- 5.4 Notices. Any notices, including notice of termination permitted to be given under this Agreement shall be given in writing and delivered in person, or by mail, postage prepaid, in an envelope addressed to the Party to whom notice is being given. Notices shall be given to the address set forth in this Agreement, or such other place as may be specified by either Party from time to time.
- 5.5 Approval Required. This Agreement shall be void in its entirety if not approved by the North Dakota Public Service Commission and the City Council of Williston, North Dakota.
- 5.6 Continuing Jurisdiction. This Agreement is subject to the continuing jurisdiction of the North Dakota Public Service Commission to settle all service location disputes between the contracting electric providers arising under the Agreement.

[The next page is the signature page]

MONTANA-DAKOTA UTILITIES CO.,
a DIVISION OF MDU RESOURCES GROUP, INC.

By: David L. Goodin
DAVID L. GOODIN
Its: PRESIDENT & CEO

DK

MOUNTRAIL-WILLIAMS ELECTRIC COOPERATIVE

By: [Signature]
Its: Chairman

CITY APPROVAL

The City of Williston consents to this Agreement between the Parties, and agrees that each of the Parties may provide service within their respective service territories identified herein which are now or in the future located within the City of Williston to the full extent authorized by their respective existing franchise agreements with the City of Williston, as they may be extended or renewed.

CITY OF WILLISTON, NORTH DAKOTA

By: [Signature]
Its: Pres. of Board

ATTACHMENT A to Service Area Agreement
 executed between Montana-Dakota Utilities Co. and
 Mountrail-Williams Electric Cooperative as of the 1st day
 of June, 2011.

Montana-Dakota Utilities, Co.
 A Division of MDU Resources Group, Inc.

By: _____




Its: _____

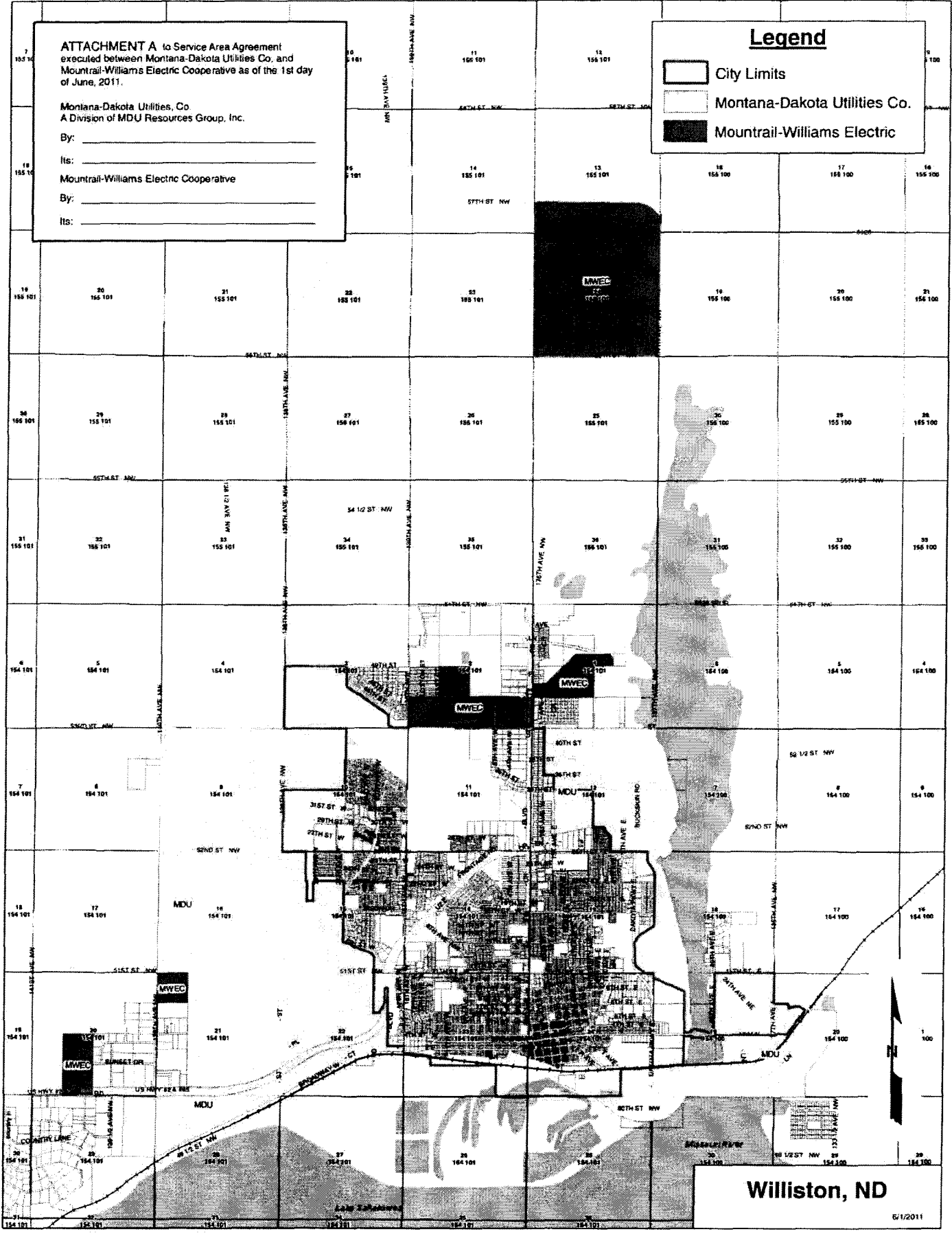
Mountrail-Williams Electric Cooperative

By: _____

Its: _____

Legend

-  City Limits
-  Montana-Dakota Utilities Co.
-  Mountrail-Williams Electric



Williston, ND

6/12/2011

ATTACHMENT A to Service Area Agreement executed between Montana-Dakota Utilities Co. and Mountrail-Williams Electric Cooperative as of the 1st day of June, 2011.

Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.

By: *Walter H. Hinkle*




Its: **PRESIDENT & CEO**

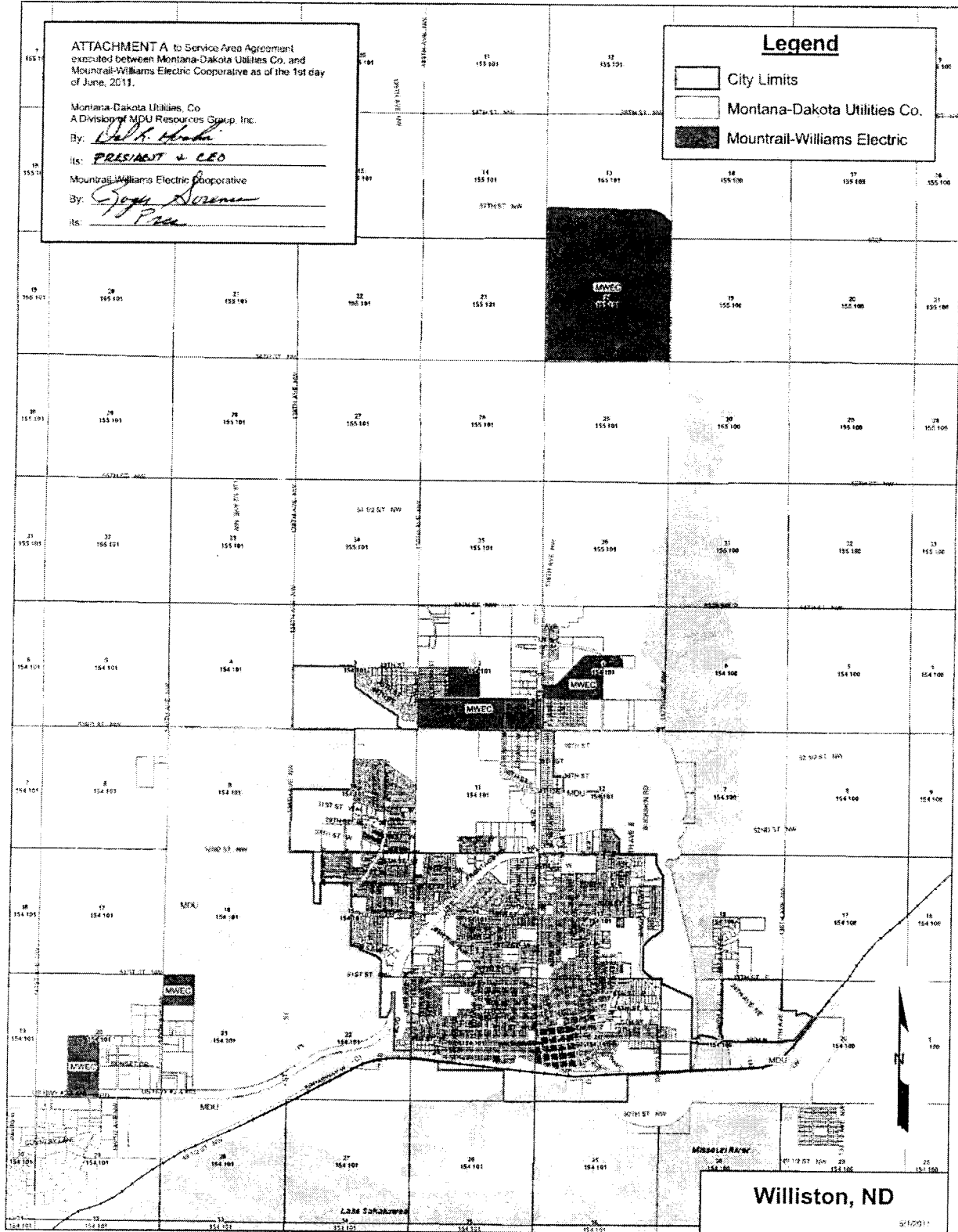
Mountrail-Williams Electric Cooperative

By: *Gregory A. Swenson*

Its: *President*

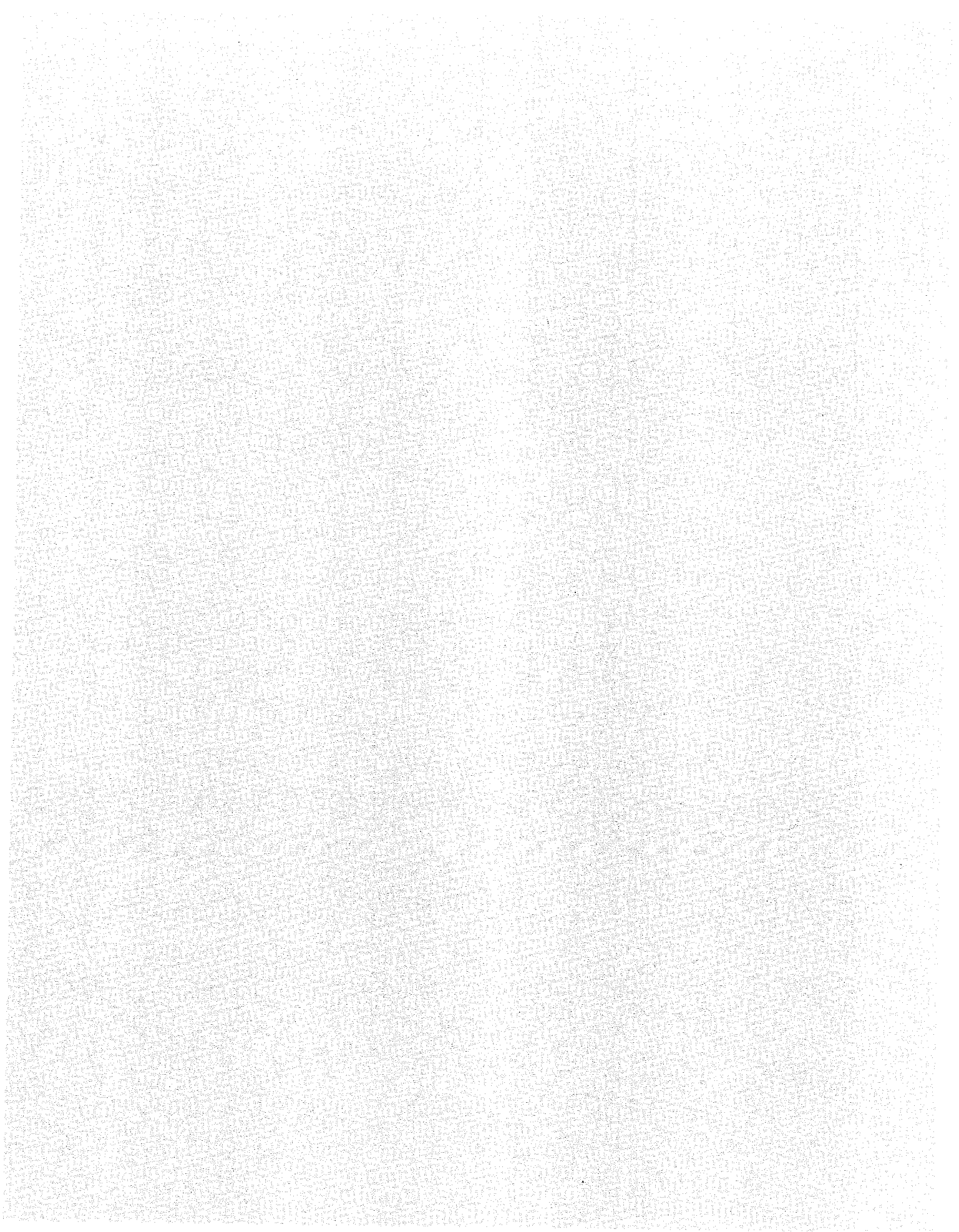
Legend

-  City Limits
-  Montana-Dakota Utilities Co.
-  Mountrail-Williams Electric



Williston, ND

04/0011



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Williston Area – Service Area Agreement
Public Convenience & Necessity

Case No. PU-11-_____

**Application for Approval of a Certificate of Public Convenience & Necessity
Associated with the Williston Area Service Agreement**

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., (“Montana-Dakota”), an electric public utility, requests that the Commission issue a Certificate of Public Convenience and Necessity to Montana-Dakota for the extension of electric distribution facilities and electric distribution service to provide electric service to customers in areas around the city of Williston, North Dakota as established in the service area agreement negotiated with Mountrail-Williams Electric Cooperative filed separately on this date.

Notices regarding this matter should be directed to:

Tamie Aberle
Regulatory Affairs Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
PO Box 5650
Bismarck, ND 58502-5650

Dated this 20th day of June, 2011.

Respectfully submitted,

Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.



By: Tamie Aberle
Regulatory Affairs Manager