

North Dakota Public Service Commission
INFORMAL HEARING
August 29, 2012

MDU/Mor-Gran-Sou Electric Cooperative
City of Mandan
Service Area Agreement

Case No. PU-12-422

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

Case No. PU-12-515

Summary of Proposal: On June 27, 2012, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU) and Mor-Gran-Sou Electric Cooperative, Inc. (Mor-Gran-Sou) 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 Mor-Gran-Sou within and around the City of Mandan, 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 May 31, 2032, but it can be terminated at any time with mutual agreement by the parties. After May 31, 2032, the Agreement remains in effect until either party gives twelve months notice to terminate. MDU further requests the Commission issue a certificate of public convenience and necessity (Case No. PU-12-515) authorizing MDU to extend service under the agreement to customers outside the city of Mandan.

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

Discussion: On August 1, 2012 the Commission issued a Notice of Filing, Notice of Informal Hearing and Notice of Opportunity for Hearing, which provided until September 5, 2012 for receiving written comments or hearing requests. No response has yet 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 and resulting certificate issuance are compatible with the public interest.

The parties contend that the Agreement is in the public interest by, among other matters:

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 Mandan during the term of the agreement mandating that both parties provide electric service consistent with applicable standards specified therein, so as to best assure adequate and reliable electric service to customers.

Prepared by: Jerry Lein