

August 18, 2016

Public Version

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

Re: ProGold/ Cargill
Gas Transportation Service Agreement
Case No. PU-16-_____

Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc. (Great Plains), herewith submits an original and seven (7) copies of a Transportation Service Agreement (Agreement) with ProGold Limited Liability Company (ProGold) in accordance with Section 69-09-01-26 of the North Dakota Administrative Code. Great Plains is currently serving the ProGold facility located near Wahpeton, North Dakota under a Gas Transportation Agreement executed on September 28, 1995 for a term expiring on July 1, 2016. The North Dakota Public Service Commission (Commission) approved the Transportation Agreement on October 9, 1995 in Case No. PU-402-95-434. MDU Resources Group, Inc. acquired Great Plains in July 2000.

Great Plains and ProGold entered into a new Agreement dated August 1, 2016 with the initial rate applicable under the Gas Transportation Agreement to be effective upon Commission approval of the Agreement. The new Agreement will extend through December 2027, unless either party provides notice to terminate 180 days in advance of the first 5-year extension or by June 30, 2022. Great Plains and ProGold agreed to extend the current rate of approximately \$ _____ per dk applicable under the expiring agreement until such time the Agreement, attached hereto as Attachment A, is approved.

ProGold is the owner of the facility, which is a corn wet milling plant, located near Wahpeton, North Dakota. The facility is currently leased by Cargill Incorporated (Cargill) who will continue to operate the facility through the term of its current lease agreement with ProGold. The attached Agreement is expected to be assigned to Cargill.

Great Plains' current Transportation Service rate schedule does not provide for flexible rates between a floor and the otherwise authorized distribution charge and no other customers are currently served under the Transportation Service schedule. Therefore, Great Plains is submitting the Agreement that establishes a transportation rate of \$ _____ per dk effective upon Commission approval. This rate will remain in effect through

December 31, 2017. The transportation rate is scheduled to increase to \$ per dk effective January 1, 2018 with a \$ per dk increase effective on January 1 each year through the year 2027. The discounted rate is necessary to ensure the Wahpeton site remains competitive with natural gas pricing applicable at other facilities. The revenue contribution provided by this customer is important to all Great Plains' North Dakota customers. The facility is currently utilizing approximately 1.3 Bcf on an annual basis which represents 66 percent of the load served on the Wahpeton system based on actual 2015 throughput. The revenue contribution will increase initially by \$ with an increase of \$ in year 2 and \$ each year thereafter based on current volume levels. This increase will serve to minimize fixed costs that would otherwise be the responsibility of other customers.

The return on operations submitted in the 2015 Annual Report to the Commission indicates the need for a rate case with a reported return less than 2 percent. It is anticipated that the return will remain around the same level in 2016 and the incremental revenues will serve to minimize the need for rate relief. The rates proposed in the attached Agreement provide for recovery of costs associated with providing service along with a contribution to fixed costs thereby providing a benefit to all customers. The Agreement is compatible with the public interest.

Montana-Dakota respectfully requests expedited review and consideration of this request to accommodate the continuation of service to the ProGold facility under the newly executed long term Agreement.

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501
Tamie.aberle@mdu.com

Also, please send copies of all written inquiries, correspondence and pleadings to:

Karl Liepitz
Senior Attorney
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Karl.liepitz@mduresources.com

Montana-Dakota also herewith submits a check for \$50.00 pursuant to the requirements of Section 49-05-05 of the North Dakota Century Code.

Please contact me at 701.222.7856 or by email with any questions.

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 A. Aberle
Director of Regulatory Affairs

Attachment

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

In the Matter of GREAT PLAINS)
NATURAL GAS CO., a Division of)
MDU Resources Group, Inc. Request) Case No. PU-16-__
for Approval of a Gas Transportation)
Service Agreement with ProGold)
Limited Liability Company)

APPLICATION FOR TRADE SECRET PROTECTION

Pursuant to N.D. Admin. Code § 69-02-09-01, Great Plains Natural Gas Co., a Division of MDU Resources Group In., (Great Plains) respectfully requests that the Commission issue a trade secret protective order under N.D. Admin. Code § 69-02-09-04 and N.D. Cent. Code §44-04-18.4(1 & 2) . The purpose of the requested protective order is to protect against public disclosure of trade secrets as defined by N.D. Cent. Code § 47-25.1-01(4) .


The information for which the Company seeks trade secret protection is the pricing information reflected in the Transportation Service Agreement with ProGold.

The filing and Exhibit A of the Transportation Service Agreement contain negotiated pricing information relating to ProGold's business in a competitive environment and should not be disclosed or released to the public and that, if the information were released, competitors would be able to benefit from the information to the detriment of the customer.

In accordance with N.D. Admin. Code § 69-02-09-02, one copy of the trade secret material is provided in the enclosed sealed envelope labeled TRADE SECRET – PRIVATE.

Dated this 18th day of August, 2016.

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

By: 

Tamie A. Aberle
Director of Regulatory Affairs

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT is by and between GREAT PLAINS NATURAL GAS CO., a Division of MDU Resources Group, Inc. ("Company"), and PROGOLD LIMITED LIABILITY COMPANY ("Customer") and is effective 9:00 a.m. CCT on the 1st of the month following North Dakota Public Service Commission approval of this Agreement.

Customer has entered into agreements to purchase natural gas and have that gas delivered to a "receipt point" using Shipper/Agent(s) as specified in attached Exhibit "A" as Shipper/Agent. Customer agrees to notify Company prior to any change in Shipper/Agent(s) and further agrees to execute a new Exhibit "A" prior to the change of event.

Customer and Company enter into this Gas Transportation Agreement to have said gas transported by Company from the "receipt point" to the "delivery point(s)".

WITNESSETH: The parties hereto, each in consideration of the agreement of the other, agree as follows:

1. **TERM.** Deliveries and Charges hereunder shall commence as specified in Exhibit "B" attached hereto and incorporated herein. This Agreement shall terminate if not approved by the NDPSC before November 1, 2016 or as otherwise provided in the Exhibit "b" hereto.

2. **RECEIPT POINT, DELIVERY POINT(S), RATE SCHEDULE.** Natural Gas delivered hereunder shall be in accordance with the Company's approved rate schedule titled: Transportation Service. (attached hereto)

Receipt Point: Viking/Fergus Falls (LOC 11979)

Delivery Point(s): ProGold Plant
18049 County Road 8E
Wahpeton, ND 58074

Rate Schedule: Transportation Service

3. **RECORD EXAMINATION.** Customer shall have the right at all reasonable times to examine the books, records and charts of Company, for a two year period subsequent to the issuance in writing of a dispute invoice, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year below written.

CUSTOMER

PROGOLD LIMITED LIABILITY COMPANY

By: Teresa Warne
Teresa Warne

Title: Vice President of Finance

Dated: 8/14/16

* Please type or print the name below the signature line

COMPANY

GREAT PLAINS NATURAL GAS CO.,
A Division of MDU Resources Group, Inc.

By: Craig Lohstreter
Craig Lohstreter
Director, Region

Dated: 8-8-2016

EXHIBIT "A"
GAS TRANSPORTATION AGREEMENT

This document is an attachment to the Gas Transportation Agreement dated 8/1/2016 between GREAT PLAINS NATURAL GAS CO. ("Company") and PROGOLD LIMITED LIABILITY COMPANY ("Customer").

This Exhibit "A" is effective 9:00 a.m. CCT on the 1st of the month following North Dakota Public Service Commission approval and continuing through the term of this Agreement.

Customer's Maximum Interruptible Transportation Quantity: 5,000 dk per day.

The Shipper/Agent(s) name is PROGOLD LIMITED LIABILITY COMPANY

Customer hereby authorizes Company to furnish the Shipper/Agent any information relating to the volume and/or cost of natural gas furnished by Company for use by Customer. This authorization will remain in effect until a written notice is received from Customer.

Accepted and agreed to this 1st day of August, 2016.

CUSTOMER

PROGOLD LIMITED LIABILITY COMPANY

By: Teresa Warne
Teresa Warne
Title: Vice President of Finance

Accepted and agreed to this 8th day of August, 2016.

COMPANY

GREAT PLAINS NATURAL GAS CO.,
A Division of MDU Resources Group, Inc.

By: Craig Lohstreter
Craig Lohstreter
Director, Region

EXHIBIT "B"
GAS TRANSPORTATION AGREEMENT

This document is an attachment to the Gas Transportation Agreement dated 8/1/2016 between GREAT PLAINS NATURAL GAS CO. ("Company") and PROGOLD LIMITED LIABILITY COMPANY ("Customer").

<u>Term of Rate</u>	<u>Rate</u>
1 st of the month following North Dakota Public Service Commission approval through December 31, 2017:	\$ per dekatherm
January 1, 2018 through December 31, 2018:	\$ per dekatherm
January 1, 2019 through December 31, 2019:	\$ per dekatherm
January 1, 2020 through December 31, 2020:	\$ per dekatherm
January 1, 2021 through December 31, 2021:	\$ per dekatherm
January 1, 2022 through December 31, 2022:	\$ per dekatherm
1/ January 1, 2023 through December 31, 2023:	\$ per dekatherm
January 1, 2024 through December 31, 2024:	\$ per dekatherm
January 1, 2025 through December 31, 2025:	\$ per dekatherm
January 1, 2026 through December 31, 2026:	\$ per dekatherm
January 1, 2027 through December 31, 2027:	\$ per dekatherm

1/ This Agreement shall continue through December 31, 2027 at the rates shown above unless written notice is provided no later than 180 days prior to December 31, 2022 by either Company or Customer to terminate the agreement on December 31, 2022.

Effective on the 1st of the month following North Dakota Public Service Commission approval and continuing through the term of this Agreement, Customer shall also pay Company a monthly per meter charge of \$100. Such charge shall apply to each meter used by Company to measure the quantity of natural gas delivered to Customer.

Accepted and agreed to this 1st day of August, 2016.

CUSTOMER

PROGOLD LIMITED LIABILITY COMPANY

By: Teresa Warne
Teresa Warne
Title: Vice President of Finance

Accepted and agreed to this 8th day of August, 2016.

COMPANY

GREAT PLAINS NATURAL GAS CO.,
A Division of MDU Resources Group, Inc.

By: Craig Lohstreter #
Craig Lohstreter
Director, Region