



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

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

December 10, 2018

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

Re: Case No. PU-16-666  
Electric Rate Increase Compliance –  
Update on Discounted Rate Contracts

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits this update to the North Dakota Public Service Commission (Commission) regarding the Company's electric discounted rate contracts in compliance with the Commission's Order issued in Case No. PU-16-666. On September 27, 2017, December 1, 2017 and March 1, 2018, Montana-Dakota filed updates with the Commission on the Company's discounted rate contracts in compliance with the Settlement Agreement between Montana-Dakota, the Advocacy Staff of the Commission, and the AARP and approved by the Commission on June 16, 2017. The updates have provided the Commission with a brief history and current status on the four contracted rate agreements under review.

The Company advised the Commission in its March 1, 2018 update that in order to properly account for the effects of the Tax Cuts and Jobs Act (TCJA) on the Company's electric rates, including the discounted rate contracts, additional time was necessary for the filing of new agreements. The Company's expectations, at that time, was to submit new or amended agreements sixty days after implementation of new electric rates in Case No. PU-18-089. The Commission approved the Company's updated electric rates reflecting the effects of the TCJA in Case No. PU-18-089 on November 20, 2018 with updated electric rates implemented on December 1, 2018.

Montana-Dakota has completed its review of the four discounted rate contracts in compliance with the Commission's Order in Case No. PU-16-666 and herewith submits updated agreements. Following is a summary of the four discounted rate contracts:

**American Colloid**

Amendment No. 1 to the existing agreement provides for the continued sale of interruptible electric power at the customer's Gascoyne, North Dakota facility at a rate other than the otherwise applicable Interruptible Large Power Demand Response Rate 38. The amended contract reflects a multi-year phased in rate plan in order to assist

American Colloid with budgetary impacts by systematically phasing in both the applicability of the Company's four electric rate riders to American Colloid as well as the customer's eventual move to electric service under the Company's Interruptible Large Power Demand Response Rate 38 tariff in the final year of the agreement. Amendment No. 1 to the American Colloid agreement is included herein as Attachment A. The rate phases are:

- Phase 1: The continuation of the electric service rates charged American Colloid today, which reflect the rate decrease authorized in Case No. PU-18-89, Montana-Dakota's TCJA docket, authorized by the Commission on November 20, 2018 with rates implemented on December 1, 2018. These rates will continue through December 31, 2018.
- Phase 2: Continuation of the electric rates charged today, but with the addition of the Renewable Resource Cost Adjustment Rate 55 for service rendered in 2019.
- Phase 3: Continuation of the rates and riders charged in Phases 1 and 2 and the addition of the Transmission Cost Adjustment Rate 59 for service rendered in 2020 and 2021.
- Phase 4: Increase in the energy and demand rates charged American Colloid as well as the addition of the Company's two remaining rate riders, the Generation Rider Rate 56 and the Environmental Cost Recovery Rider Rate 57 for service rendered in 2022.
- Phase 5: Increase in the energy and demand rates charged for 2023 service.
- Phase 6: Increase in the energy and demand rates charged for 2024 service.
- Phase 7: American Colloid will no longer be served under a contract service agreement and will commence service starting in 2025 under the Company's Interruptible Large Power Demand Response Rate 38.

### **Sabin Metals**

Amendment No. 2 to the existing agreement provides for the continued sale of all firm electric power required by the Sabin facility at a rate other than the otherwise applicable General Electric Service Rate 30. The amended contract provides for the retention of the existing processing load at the customer's Williston location, minimizes the budgetary impact on Sabin, and provides an additional incentive for the customer to expand their operations at this location versus the customer's other location(s) which are not served by Montana-Dakota. Amendment No. 2 to the Sabin Metal agreement is included herein as Attachment B and provides for a two-year rate plan:

- Phase 1: The first phase reflects the continuation of the electric service rates charged Sabin today, which reflect the rate decrease authorized in

Case No. PU-18-89, Montana-Dakota's TCJA docket, and authorized by the Commission on November 20, 2018 with rates implemented on December 1, 2018. These rates will continue through December 31, 2018.

- Phase 2:
  - An increase in the Basic Service Charge to \$100.00 per month, which is the same Basic Service Charge applicable to primary service customers under General Electric Service Rate 30, the customer's otherwise applicable service rate.
  - Introduction of a seasonal demand charge of:
    - \$5.72 per KW for October through May
    - \$8.58 per KW for the first 5,000 KW for June through September, and
    - \$5.72 per KW for any KW greater than 5,000 for June through September
  - Introduction of a stepped energy charge of:
    - \$0.01751 per Kwh for the first 2.3 million Kwh per month. This rate is equal to the energy charge applicable to all Kwh for primary service under General Electric Service Rate 30.
    - \$0.01200 per Kwh for the Kwh greater than 2.3 million Kwh per month.
  - All applicable rate adjustments billed under the customer's otherwise applicable Rate 30 which currently includes the Company's Renewable Resource Cost Adjustment Rate 55, Generation Resource Recovery Rider Rate 56, Environmental Cost Recovery Rider Rate 57, and Transmission Cost Adjustment Rate 59.

### **Tesoro**

Amendment No. 2 provides for the continued sale of all firm electric power required by Tesoro at a rate other than the otherwise applicable General Electric Service Rate 30. The amended contract provides for Tesoro's continued commitment to not install or operate any additional electric power generation equipment or to purchase electricity from any other supplier other than Montana-Dakota during the term of the agreement. Amendment No. 2 to the Tesoro agreement is included herein as Attachment C and provides for a two-year rate phase:

- Phase 1: The first phase reflects the continuation of the electric service rates charged Tesoro today, which reflect the rate decrease authorized in Case No. PU-18-89, Montana-Dakota's TCJA docket, and

authorized by the Commission on November 20, 2018 with rates implemented on December 1, 2018. These rates will continue through December 31, 2018.

- Phase 2:
  - An increase in the Basic Service Charge to \$100.00 per month, which is the same Basic Service Charge applicable to primary service customers under General Electric Service Rate 30, the customer's otherwise applicable service rate.
  - All applicable rate adjustments billed under the customer's otherwise applicable Rate 30 which currently includes the Company's Renewable Resource Cost Adjustment Rate 55, Generation Resource Recovery Rider Rate 56, Environmental Cost Recovery Rider Rate 57, and Transmission Cost Adjustment Rate 59.
  - The 1806 substation will no longer be covered under the Tesoro Agreement as service has been stopped at this location.

#### **ND State Capitol**

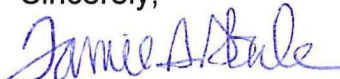
While the contract with the ND State Capitol was reviewed with the customer, an amendment to the existing agreement was determined to be unnecessary as no modifications were made to the agreement. The ND State Capitol will continue to receive service under the existing agreement

Each of the updated agreements, including the existing agreement with the ND State Capitol, provide that the rates included in the agreements be modified subject to unilateral rate filings approved by the Commission in addition to any future rate adjustment mechanisms approved by the Commission during the terms of each contract.

Please contact me at 701.222.7856 if you have any questions regarding this update to the Company's electric discounted rate contracts.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto.

Sincerely,



Tamie A. Aberle  
Director of Regulatory Affairs

**Exhibit A**  
**American Colloid Agreement**

**AMENDMENT NO. 1  
INTERRUPTIBLE ELECTRIC SERVICE AGREEMENT**

THIS AMENDMENT to the ELECTRIC SERVICE AGREEMENT ("Amendment"), is dated and entered into this 10 day of September, 2018, by and between AMERICAN COLLOID COMPANY, whose address is 2870 Forbes Avenue, Hoffman Estates, Illinois 60192 ("Customer"), and MONTANA-DAKOTA UTILITIES CO., a division of MDU Resources Group, Inc., whose address is 400 North Fourth Street, Bismarck, North Dakota 58501 ("Company"), sometimes singularly referred to as "Party", or, collectively as "Parties".

WHEREAS, American Colloid Company ("Customer") and Company entered into an Interruptible Electric Service Agreement (the "Agreement") dated December 19, 2011, pursuant to which Company contracted to provide electric service to Customer's facility in Gascoyne, ND;

WHEREAS, said Agreement and its Exhibits were to remain in effect for a period of one (1) years from the December 19, 2011 date of commencement of said Agreement and year to year thereafter;

WHEREAS, Customer and Company now mutually desire to modify said Agreement;

NOW THEREFORE, in order to satisfy the purposes of the Parties as set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree to amend the Agreement as follows:

1. The Parties agree to delete Section 6 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

6. **RATE SCHEDULE:** All electric power delivered hereunder shall be purchased by Customer in accordance with the rate schedules attached hereto as Exhibit A. It is agreed any current or future electric rate adjustments mechanisms that are approved by the North Dakota Public Service Commission and applicable to the Company's Large General Electric Service Rate 38 shall also be applicable to the rate schedule under this Agreement. It is further agreed that in the event the Base Rate, Demand Charge, or Energy Charge, applicable under the Company's Large General Service Rate 38, are modified pursuant to a general rate case or other regulatory proceeding before the North Dakota Public Service Commission the charges applicable under Exhibit A, shall be modified to represent the same percentage differential between Exhibit A, as adjusted by rate adjustment mechanisms, and the Large General Electric Service Rate 38, as adjusted by rate adjustment mechanisms, applicable to the last consecutive twelve months of Customer's billing usage prior to implementation of interim or permanent rates from the general rate case or other regulatory proceeding before the North Dakota Public Service Commission. It is further agreed and in accordance with adjustments discussed above that updated Exhibit A and A1 as applicable, will be provided by Company to Customer within, and effective, in 60 days of the approved effective date as ordered by the North Dakota Public Service Commission.

2. The Parties agree to delete Section 14 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

14. **TERM:** The Agreement, as amended by this Amendment, shall become effective upon final approval from the North Dakota Public Service Commission and shall remain in full force and effect for a period extending from the date thereof for seven (7) years, and from year to year thereafter. Either Party may cancel this Agreement at any time after the initial 7-year period, provided that no less than six (6) months written notice is furnished to the other Party prior to the termination date.

3. The Parties agree to delete Section 17 of the Agreement in its entirety as amended and substitute the following in lieu thereof:

17. **Twenty-Four Hour Communications:** Because of the periodic need to interrupt electric service, Customer shall provide Company in the space provided below with the names and telephone numbers of at least two Customer representatives who can be reached on a 24 basis for interrupting or restoring service, if necessary.

<b>Name</b>	<b>Telephone Number</b>
Jeremy Allen	701-275-8201
Miranda Carlson	701-275-8201

4. The Parties agree to delete Section 19 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

19. **Notices:** Notices required hereunder shall be in writing and shall be sent by trackable letter delivery or electronically to the respective addresses below:

To Company: Montana Dakota Utilities Co.  
Attn: VP of Operations  
400 N Fourth Street  
Bismarck, ND 58501

With Copy To:  
MDU Resources Group Inc.  
Attn: General Counsel  
1200 W Century Avenue  
Bismarck, ND 58503

To Customer: American Colloid Company  
Attn: Aric Wentz  
35 Highland Ave.  
Bethlehem, PA 18017

Either Party may change any address referenced above by sending Notice under this Agreement.


5. The Parties agree to delete Exhibit A (Rate Schedule) of the Agreement, as amended, in its entirety and replace it in its entirety with the revised Exhibit A, which is attached hereto. Exhibit A shall be applicable and in effect through the effective date of this agreement and thereafter.

6. The Parties hereby ratify, adopt and confirm all the terms and conditions of the Agreement, as amended, except as specifically modified herein as of the Effective Date.


7. This Amendment is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be duly executed as of the day and year first above written.

AMERICAN COLLOID COMPANY

By:   
Aric D. Wentz  
Title: Director Global Supply Chain

MONTANA-DAKOTA UTILITIES CO.,  
a division of MDU Resources Group, Inc.

By:   
Pat Darras  
Vice President of Operations

**EXHIBIT "A"**  
**TO AMENDMENT NO. 1**  
**OF THE INTERRUPTIBLE ELECTRIC SERVICE AGREEMENT**

**RATE SCHEDULE**

Base Rate: As defined in Table 1

Demand Charge:  
October – May As defined in Table 1  
June – September As defined in Table 1

Energy Charge: As defined in Table 1

MINIMUM BILL:  
Base Rate plus Demand Charge

PAYMENT:  
Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

DETERMINATION OF BILLING DEMAND:  
The demand in kilowatts for billing purposes shall be the maximum 15-minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt.

POWER FACTOR CLAUSE:  
Company reserves the right to require Customer to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Customer operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such demand.

ADJUSTMENT CLAUSES:  
Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Renewable Resource Cost Adjustment (RRCA) Rate 55
2. Generation Resource Recovery Rider (GRRR) Rate 56
3. Environmental Cost Recovery Rider (ECRR) Rate 57
4. Fuel and Purchased Power Adjustment (F&PP) Rate 58
5. Transmission Cost Adjustment (TCA) Rate 59

SPECIAL TERMS AND CONDITIONS:

1. The foregoing schedule is subject to Rate 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by Company under the laws of the state. This Rate Schedule is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.
2. As per Section 5 of the Electric Service Agreement this rate schedule and adjustment mechanisms are as per approved Company rates effective with service rendered on or after April 7, 2017.

**Table 1 – “Exhibit A” to Amendment No. 1 of the Interruptible Electric Service Agreement**

Exhibit A

	Thru 12/31/18	1/1/19-12/31/19	1/1/20-12/31/20	1/1/21-12/31/21	1/1/22-12/31/22	1/1/23-12/31/23	1/1/24-12/31/24	1/1/2025 Rate 38
Base Rate Per Month	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	Rate 38 Applicable as of 1/1/25
Demand Charge per Kw:								
October-May	\$5.638	\$5.638	\$5.638	\$5.638	\$6.19	\$6.67	\$6.67	
June-September	\$5.638	\$5.638	\$5.638	\$5.638	\$7.15	\$7.62	\$9.53	
Energy Charge per Kwh	\$0.00853	\$0.00853	\$0.00853	\$0.00853	\$0.01048	\$0.01239	\$0.01500	
Adjustment Clauses 1/								
Fuel & Purchased Power (Rate 58)	x	x	x	x	x	x	x	x
Renewable Resource Cost Adjustment (Rate 55)		x	x	x	x	x	x	x
Transmission Cost Adjustment (Rate 59)			x	x	x	x	x	x
Generation Rider (Rate 56)					x	x	x	x
Environmental Cost Recovery Rider (Rate 57)					x	x	x	x

1/ Adjustment Clause mechanism are applicable starting in the Year noted. Any new adjustment mechanism will be applicable upon Commission approval.  
The Adjustment clause amounts are subject to change upon Commission approval.

Minimum Bill: Base Rate

Payment:

Determination of Billin Demand:

Power Factor Clause:

General Terms & Conditions:

**Exhibit B**  
**Sabin Metals Agreement**

**AMENDMENT NO. 2  
ELECTRIC SERVICE AGREEMENT**

THIS AMENDMENT to the ELECTRIC SERVICE AGREEMENT ("Amendment"), is dated and entered into this 8<sup>th</sup> day of JUNE, 2018, by and between SABIN METALS WEST CORPORATION whose address is 300 Pantigo Place, Suite 102, East Hampton, New York 11937 ("Customer"), and MONTANA-DAKOTA UTILITIES CO., a division of MDU Resources Group, Inc., whose address is 400 North Fourth Street, Bismarck, North Dakota 58501 ("Company"), sometimes singularly referred to as "Party", or, collectively as "Parties".

WHEREAS, Sabin Metals West Corporation ("Customer") and Company entered into an Electric Service Agreement (the "Agreement") dated March 10, 2000, as amended on November 23, 2011, pursuant to which Company contracted to provide electric service to Customer's facility in Williston, ND;

WHEREAS, said Agreement and its Exhibits were to remain in effect for a period of ten (10) years from the January 1, 2001 date of commencement of said Agreement and year to year thereafter;

WHEREAS, Customer and Company now mutually desire to modify said Agreement;

NOW THEREFORE, in order to satisfy the purposes of the Parties as set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree to amend the Agreement as follows:

1. The Parties agree to delete Section 5 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

5. **RATE SCHEDULE:** All electric power delivered hereunder shall be purchased by Customer in accordance with the rate schedules attached hereto as Exhibit A and Exhibit A1. It is agreed any current or future electric rate adjustments mechanisms that are approved by the North Dakota Public Service Commission and applicable to the Company's Large General Electric Service Rate 30 shall also be applicable to the rate schedule under this Agreement. It is further agreed that in the event the Base Rate, Demand Charge, or Energy Charge, applicable under the Company's Large General Service Rate 30, are modified pursuant to a general rate case or other regulatory proceeding before the North Dakota Public Service Commission the charges applicable under Exhibit A and Exhibit A1 shall be modified to represent the same percentage differential between Exhibit A and Exhibit A1, as adjusted by rate adjustment mechanisms, and the Large General Electric Service Rate 30, as adjusted by rate adjustment mechanisms, applicable to the last consecutive twelve months of Customer's billing usage prior to implementation of interim or permanent rates from the general rate case or other regulatory proceeding before the North Dakota Public Service Commission. It is further agreed and in accordance with adjustments discussed above that updated Exhibit A and A1 as applicable, will be provided by Company to Customer within, and effective, in 60 days of the approved effective date as ordered by the North Dakota Public Service Commission.

2. The Parties agree to delete Section 11 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

11. **TERM:** The Agreement, as amended by this Amendment, shall become effective upon final approval from the North Dakota Public Service Commission and shall remain in full force and effect for a period extending from the date thereof for five (5) years, and from year to year thereafter. Either Party may cancel this Agreement at any time after the initial 5-year period, provided that no less than six (6) months written notice is furnished to the other Party prior to the termination date.

3. The Parties agree to delete Section 14 of the Agreement as amended in its entirety and substitute the following in lieu thereof:

14. **Notices:** Notices required hereunder shall be in writing and shall be sent by trackable letter delivery or electronically to the respective addresses below:

To Company: Montana Dakota Utilities Co.  
Attn: VP of Operations  
400 N Fourth Street  
Bismarck, ND 58501

With Copy To:  
MDU Resources Group Inc.  
Attn: General Counsel  
1200 W Century Avenue  
Bismarck, ND 58503

To Customer: Sabin Metals West Corporation  
Attn: Plant Manager  
15 E 12<sup>th</sup> Avenue  
Williston ND, ND 58801

Either Party may change any address referenced above by sending Notice under this Agreement.

4. The Parties agree to delete Exhibit A (Rate Schedule) of the Agreement, as amended and erroneously referenced as Exhibit B (although the parties intended to reference Exhibit A) in the First Amendment to the Agreement, in its entirety and replace it in its entirety with the revised Exhibit A, and Exhibit A1 which are attached hereto. Exhibit A shall be applicable and in effect through December 31, 2018 and Exhibit A1 shall be applicable and in effect from January 1, 2019 and thereafter.

5. The Parties hereby ratify, adopt and confirm all the terms and conditions of the Agreement, as amended, except as specifically modified herein as of the Effective Date.

6. This Amendment is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be duly executed as of the day and year first above written.

Sabin Metals West Corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_

MONTANA-DAKOTA UTILITIES CO.,  
a division of MDU Resources Group, Inc.

By: \_\_\_\_\_

Pat Darras  
Vice President of Operations

**EXHIBIT "A"**  
**TO AMENDMENT NO. 2**  
**OF THE ELECTRIC SERVICE AGREEMENT**

**RATE SCHEDULE**

This Exhibit "A" is effective through December 31, 2018

Base Rate:	\$15.00 per month
Demand Charge:	
October – May	\$5.44 per kW of Billing Demand
June – September	\$5.44 per kW of Billing Demand
Energy Charge:	\$0.01872 per kWh

**MINIMUM BILL:**

Base Rate plus Demand Charge

**PAYMENT:**

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

**DETERMINATION OF BILLING DEMAND:**

The demand in kilowatts for billing purposes shall be the maximum 15-minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt.

**POWER FACTOR CLAUSE:**

Company reserves the right to require Customer to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Customer operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such demand.

**FUEL AND PURCHASED POWER CLAUSE:**

Bills are subject to an adjustment for cost of fuel and purchased power as provided in Rate 58, or any amendments or alterations thereto.

**SPECIAL TERMS AND CONDITIONS:**

1. The foregoing schedule is subject to Rate 130 and any amendments or alterations thereto or additional rules and regulations promulgated by Company under the laws of the state. This Rate Schedule is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.
2. As per Section 5 of the Electric Service Agreement this rate schedule and adjustment mechanisms are as per approved Company rates effective with service rendered on or after December 1, 2018.

**EXHIBIT "A1"**  
**TO AMENDMENT NO. 2**  
**OF THE ELECTRIC SERVICE AGREEMENT**

**RATE SCHEDULE**

This Exhibit "A1" is effective January 1, 2019.

Base Rate: \$100.00 per month

Demand Charge:

First 5,000 kW per month:	
October – May	\$5.72 per kW of Billing Demand
June – September	\$8.58 per kW of Billing Demand
All Excess kW per month:	
October – May	\$5.72 per kW of Billing Demand
June – September	\$5.72 per kW of Billing Demand

Energy Charge:

First 2.3 Million kWh per month:	\$0.01751
All Excess kWh per month:	\$0.01200

**MINIMUM BILL:**

Base Rate plus Demand Charge

**PAYMENT:**

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

**DETERMINATION OF BILLING DEMAND:**

The demand in kilowatts for billing purposes shall be the maximum 15-minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt.

**POWER FACTOR CLAUSE:**

Company reserves the right to require Customer to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Customer operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such demand.

**ADJUSTMENT CLAUSES:**

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Renewable Resource Cost Adjustment (RRCA) Rate 55
2. Generation Resource Recovery Rider (GRRR) Rate 56
3. Environmental Cost Recovery Rider (ECRR) Rate 57
4. Fuel and Purchased Power Adjustment (F&PP) Rate 58
5. Transmission Cost Adjustment (TCA) Rate 59

**SPECIAL TERMS AND CONDITIONS:**

- 1. The foregoing schedule is subject to Rate 130 and any amendments or alterations thereto or additional rules and regulations promulgated by Company under the laws of the state. This Rate Schedule is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.**
- 2. As per Section 5 of the Electric Service Agreement this rate schedule and adjustment mechanisms are as per approved Company rates effective with service rendered on or after December 1, 2018.**

**Exhibit C**  
**Tesoro Agreement**

**AMENDMENT NO. 2  
ELECTRIC SERVICE AGREEMENT**

THIS AMENDMENT to the ELECTRIC SERVICE AGREEMENT ("**Amendment**"), is dated and entered into this 17th day of September, 2018, by and between TESORO REFINING & MARKETING COMPANY LLC whose address is 19100 Ridgewood Parkway, San Antonio, Texas 78259 ("**Customer**"), and MONTANA-DAKOTA UTILITIES CO., a division of MDU Resources Group, Inc., whose address is 400 North Fourth Street, Bismarck, North Dakota 58501 ("**Company**"), sometimes singularly referred to as "**Party**", or, collectively as "**Parties**".

WHEREAS, Tesoro Petroleum Corporation ("**Tesoro**") and Company entered into an Electric Service Agreement (the "**Agreement**") dated March 24, 2003, as amended on April 20, 2007, pursuant to which Company contracted to provide electric service to Customer's facility in Mandan, ND;

WHEREAS, said Agreement and its Exhibits were to remain in effect for a period of five (5) years from the March 24, 2003 date of commencement of said Agreement and year to year thereafter;

WHEREAS, Tesoro assigned all of its rights, obligations and liabilities under the Agreement to Customer, the present owner and operator of the facility; and

WHEREAS, Customer and Company now mutually desire to modify said Agreement;

NOW THEREFORE, in order to satisfy the purposes of the Parties as set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree to amend the Agreement as follows:

1. The Parties agree to delete Exhibit A of the Electric Service Agreement, as amended, in its entirety and replace it in its entirety with the revised Exhibit A attached hereto.
2. The Parties agree to delete Section 1(f) of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:
  - f. Company's "existing facilities" under this agreement means Company's facilities providing electric service at the Central Substation point of delivery listed on the revised Exhibit A and through December 31, 2018, and not thereafter, Company's "existing facilities" shall also include the "1806 Substation" as listed on Exhibit A. After December 31, 2018 Company's "existing facilities" shall only include the Central Substation point of delivery listed on the revised Exhibit A.
3. The Parties agree to delete Section 2 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:
  2. **POINTS OF DELIVERY:** All electric power delivered hereunder shall be metered by Company at the "Central Substation" point of delivery listed on the revised Exhibit "A") attached hereto. Company will read the meters monthly and report such readings to Customer.

4. The Parties agree to delete Section 5 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

5. **RATE SCHEDULE:** All electric power delivered hereunder shall be purchased by Customer in accordance with the rate schedules attached hereto as Exhibit B and Exhibit B1. It is agreed any current or future electric rate adjustments mechanisms that are approved by the North Dakota Public Service Commission and applicable to the Company's Large General Electric Service Rate 30 shall also be applicable to the rate schedule under this Agreement. It is further agreed that in the event the Base Rate, Demand Charge, or Energy Charge, applicable under the Company's Large General Service Rate 30, are modified pursuant to a general rate case or other regulatory proceeding before the North Dakota Public Service Commission the charges applicable under Exhibit B and Exhibit B1 shall be subject to review and modification in order to represent the same percentage differential between Exhibit B and Exhibit B1, as adjusted by rate adjustment mechanisms, and the Large General Electric Service Rate 30, as adjusted by rate adjustment mechanisms, applicable to the last consecutive twelve months of Customer's billing usage prior to implementation of interim or permanent rates from the general rate case or other regulatory proceeding before the North Dakota Public Service Commission.

1. The Parties agree to delete Section 11 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

11. **TERM:** This Agreement shall become effective upon execution and shall remain in full force and effect for a period extending from the date thereof for five (5) years, and from year to year thereafter. Either Party may cancel this Agreement at any time after the 5-year period, provided that no less than six (6) months written notice is furnished to the other Party prior to the termination date.

2. The Parties agree to delete Section 14 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

14. **Notices:** Notices required hereunder shall be in writing and shall be sent by trackable letter delivery or electronically to the respective addresses below:

To Company: Montana Dakota Utilities Co.  
Attn: VP of Operations  
400 N Fourth Street  
Bismarck, ND 58501

With Copy To:  
MDU Resources Group Inc.  
Attn: General Counsel  
1200 W Century Avenue  
Bismarck, ND 58503

To Customer: Tesoro Refining & Marketing Company LLC  
Attn: Commercial / Electricity

19100 Ridgewood Parkway  
San Antonio, TX 78259  
satnatgas@andeavor.com

With Copy To:  
Tesoro Refining & Marketing Company LLC  
Attn: Refinery Manager  
900 Old Red Trail NE  
Mandan, ND 58554

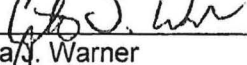
And To:  
Tesoro Refining & Marketing Company LLC  
Attn: Legal Department  
19100 Ridgewood Parkway  
San Antonio, TX 78259

Either Party may change any address referenced above by sending Notice under this Agreement.

3. The Parties agree to delete Exhibit B (Rate Schedule) of the Electric Service Agreement, as amended, in its entirety and replace it in its entirety with the revised Exhibit B, and Exhibit B1 which are attached hereto.
4. The Parties hereby ratify, adopt and confirm all of the terms and conditions of the Agreement, as amended, except as specifically modified herein as of the Effective Date.
5. This Amendment is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be duly executed as of the day and year first above written.

TESORO REFINING & MARKETING  
COMPANY LLC

By:   
Cynthia J. Warner

Title: Executive Vice President, Operations

MONTANA-DAKOTA UTILITIES CO.,  
a division of MDU Resources Group, Inc.

By:   
Scott Madison

Title: EVP, Business Development & Gas  
Supply



To Heskett  
Power Plant

TL402-6

402-6, 402-6

Refinery Switching  
Substation

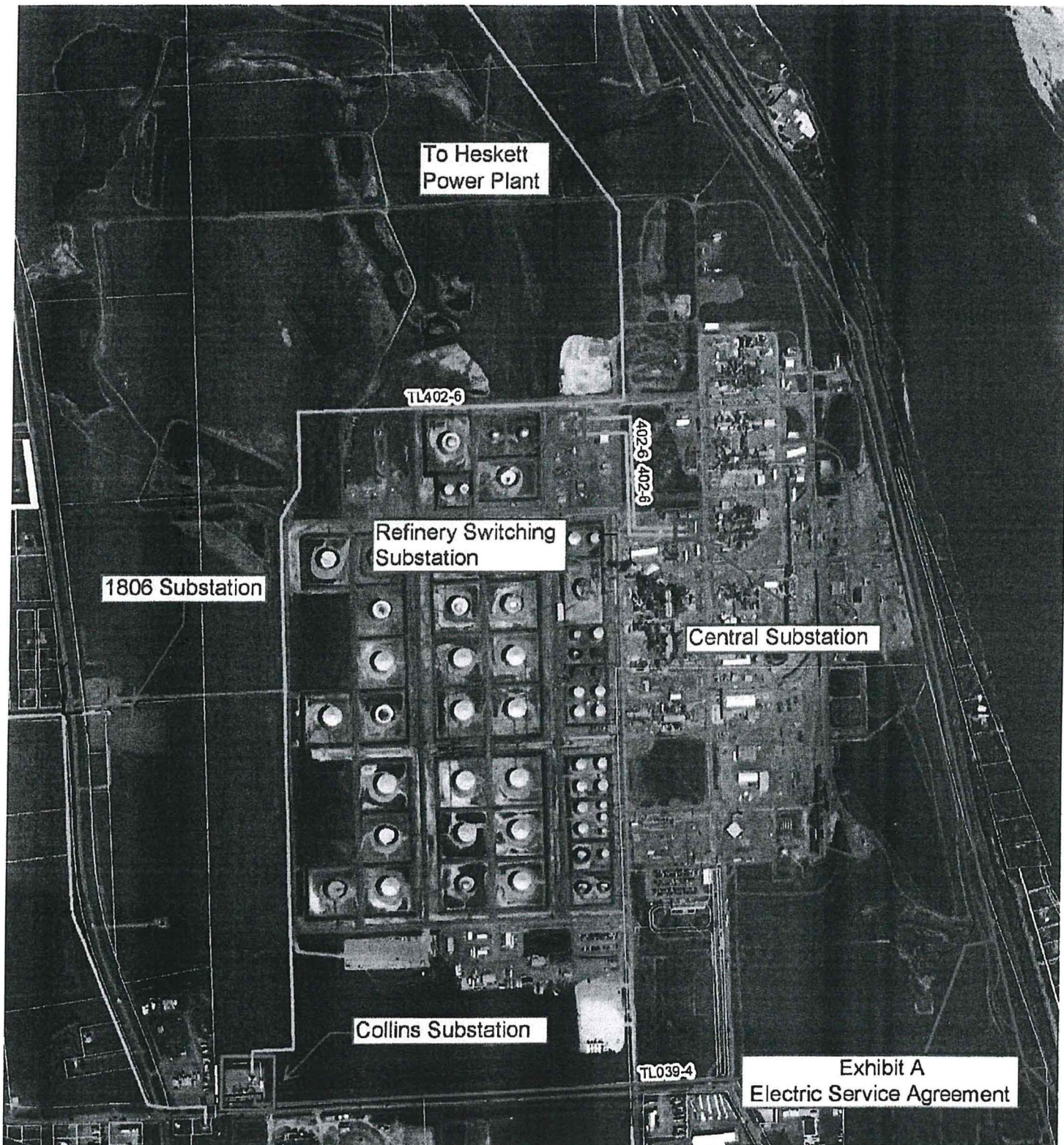
1806 Substation

Central Substation

Collins Substation

TL039-4

Exhibit A  
Electric Service Agreement



**EXHIBIT "B1"**  
**TO AMENDMENT NO. 2**  
**OF THE ELECTRIC SERVICE AGREEMENT**

**RATE SCHEDULE**

This Exhibit "B1" is effective January 1, 2019.

Base Rate:	\$100.00 per month
Demand Charge:	
October – May	\$5.44 per kW of Billing Demand
June – September	\$8.56 per kW of Billing Demand
Energy Charge:	1st 1,500,000 kWh per month - \$0.02148per kWh Over 1,500,000 kWh per month - \$0.01472 per kWh
MINIMUM BILL:	
Base Rate plus Demand Charge	

**PAYMENT:**

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

**DETERMINATION OF BILLING DEMAND:**

The demand in kilowatts for billing purposes shall be the maximum 15-minute measured demand in the current month. Demands will be determined to the nearest one-tenth kilowatt.

**POWER FACTOR CLAUSE:**

Company reserves the right to require Customer to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Customer operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such demand.

**ADJUSTMENT CLAUSES:**

Bills are subject to the following adjustments or any amendments or alterations thereto:

1. Renewable Resource Cost Adjustment (RRCA) Rate 55
2. Generation Resource Recovery Rider (GRRR) Rate 56
3. Environmental Cost Recovery Rider (ECRR) Rate 57
4. Fuel and Purchased Power Adjustment (F&PP) Rate 58
5. Transmission Cost Adjustment (TCA) Rate 59

**SPECIAL TERMS AND CONDITIONS:**

1. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by Company under the laws of the state. This Rate Schedule is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

**EXHIBIT "B"**  
**TO AMENDMENT NO. 2**  
**OF THE ELECTRIC SERVICE AGREEMENT**

**RATE SCHEDULE**

This Exhibit "B" is effective December 1, 2018 through December 31, 2018

Base Rate: \$95.00 per month

Demand Charge:

October – May \$5.44 per kW of Billing Demand

June – September \$8.56 per kW of Billing Demand

Energy Charge:

Central Substation - 1st 1,500,000 kWh per month - \$0.02148 per kWh  
Over 1,500,000 kWh per month - \$0.01472 per kWh

1806 Substation - All kWh per month - \$0.01472 per kWh

**MINIMUM BILL:**

Base Rate plus Demand Charge

**PAYMENT:**

Bills will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 109 or any amendments or alterations thereto.

**DETERMINATION OF BILLING DEMAND:**

The demand in kilowatts for billing purposes shall be the greater of the maximum 15-minute measured demand in the current month or 1,000 kW. Demands will be determined to the nearest one-tenth kilowatt.

**POWER FACTOR CLAUSE:**

Company reserves the right to require Customer to install adequate equipment so that at all times it can operate its facility to maintain a power factor between 90% lagging and 90% leading. If Customer operates outside this range, the maximum 15-minute integrated reactive kilovolt amperes in excess of 50% of the maximum 15-minute integrated kilowatt demand for the same month will be billed at \$3.35 per Kvar of such demand.

**FUEL AND PURCHASED POWER CLAUSE:**

Bills are subject to an adjustment for cost of fuel and purchased power as provided in Rate 58, or any amendments or alterations thereto.

**SPECIAL TERMS AND CONDITIONS:**

1. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by Company under the laws of the state. This Rate Schedule is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.