

# Memo

**To:** Darrell Nitschke, Executive Secretary  
**From:** Victor Schock  
**Date:** February 14, 2017  
**Re:** Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.  
Electric Service Agreement – Bronson's Marketplace  
Approval  
PU-16-770

On December 19, 2016 MDU filed an Electric Service Agreement with Bronson's Marketplace seeking Commission approval.

Bronson's Marketplace is a franchise of Super Value. This franchise has operated a store in Beulah, ND since 1979. It has recently purchased property and has started building a new store in Bowman, ND. The proposed electric service agreement is for only the new location in Bowman.

The request is required per the tariff language in Rate 34 (Firm Service Economic Development). This rate class requires an expected demand of 200 Kw per month and usage of 750,000 Kwh per year. The filing did not include the expected demand and usage for the new customer, therefore MDU will need to demonstrate what these amounts will be during the informal hearing.

Provided MDU is able to show that the new Bronson's Marketplace will meet the demand and usage requirements, the agreement would lower the normal demand charge by \$2.50 per Kw per month for years 1-3, followed by \$1.875 for year 4 and finally \$1.25 in year 5. The agreement is set to terminate after year 5, at which time Bronson's Marketplace will be placed in the rate class applicable to their level of service taken at that time.

Since Bronson's Marketplace would need to have at least a 200 Kw demand in order to qualify for the economic development rate, we can estimate the annual discount this contract would give them. The annual discount for a 200 Kw demand would be \$6000 in years 1-3, \$4500 in year 4 and \$3000 in year 5.

Provided that MDU is able to demonstrate that the demand and usage meet the requirements of Rate 34, staff recommends approval of the agreement with a continued reporting requirement under the contract revenue delta section of MDU's annual report to the Commission.