

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

December 28, 2018

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

Re: American Colloid Company
Electric Service Agreement Amendment
Case No. PU-18-_____

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval an original and seven (7) copies of Amendment No. 1 to American Colloid Company's (American Colloid) Electric Service Agreement with Montana-Dakota in accordance with Section 69-09-02-01 Subsection 3 of the North Dakota Public Service Commission's Electric Rules and Regulations.

On November 13, 1989, Montana-Dakota filed with the Commission an Electric Service Agreement with American Colloid for interruptible electric service under the Company's Interruptible Industrial Power Service Rate 39 tariff. In Case No. PU-10-124, Montana-Dakota proposed, and was authorized, to eliminate the Rate 39 tariff with American Colloid continuing interruptible electric service under an electric service agreement. The current agreement with American Colloid is dated December 19, 2011.

In the Company's most recent electric rate case, Case No. PU-16-666, Montana-Dakota entered into a Settlement Agreement with Commission Advocacy Staff and the AARP which was approved by the Commission on June 16, 2017. In compliance with Paragraph 10 of the Settlement Agreement, Montana-Dakota submitted updates to the Commission advising the Commission that the four contract rates, including the agreement with American Colloid, had been reviewed, customer meetings were being held to discuss rate options and negotiate new agreements, if needed, and that updated amendments would be submitted to the Commission. On December 10, 2018, Montana-Dakota filed updated agreements in Case No. PU-16-666. Amendments to the Sabin Metals and American Colloid agreements have been requested in separate cases. No change is proposed to the North Dakota State Capitol agreement.

Montana-Dakota now herewith submits for Commission approval the attached Amendment No. 1 to American Colloid's Electric Service Agreement reflecting the results of the aforementioned customer meetings and updated contract submitted on December 10, 2018 in Case No. PU-16-666. Amendment No. 1 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 rate is being offered in order to assist American Colloid with the budgetary impacts of moving to Rate 38 by systematically phasing in both the applicability of the Company's four electric rate riders to American Colloid as well as the customer's move to electric service under the Company's Interruptible Large Power Demand Response Rate 38 tariff. This agreement will assist in retaining this interruptible load on the system thereby providing a benefit to all customers.

The rates, as outlined in Table 1 of Amendment No. 1, reflect a multi-year rate agreement with the final year of service under the agreement at the rates applicable under the Company's Interruptible Large Power Demand Response Rate 38 tariff. The attached Amendment No. 1 replaces Section 6 of the December 19, 2011 agreement in its entirety. The rate phases are:

- Phase 1: 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 Tax Cuts and Jobs Act docket, authorized by the Commission on November 20, 2018 with rates implemented December 1, 2018. These rates will continue until the Commission takes action on the proposed rates included in Amendment No. 1 to the agreement.
- 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 Phase 2 and the addition of the Transmission Cost Adjustment Rate 59 beginning on January 1, 2020.
- 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 beginning on January 1, 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 at the charges applicable at that time.

Provision 1 of Amendment No. 1 provides that the rates included in the agreement shall be modified subject to unilateral rate filings approved by the Commission in addition to future rate adjustment mechanisms approved by this Commission during the contract's seven-year term.

Please refer all inquiries regarding this filing to:

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

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

Karl Liepitz
Assistant General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission. 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.

Please contact me at (701) 222-7856 or at Tamie.Aberle@mdu.com with any questions regarding this filing.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Karl Liepitz
Garret Senger

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

THIS AMENDMENT to the ELECTRIC SERVICE AGREEMENT ("Amendment"), is dated and entered into this 1st 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.

Name	Telephone Number
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.

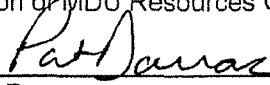
By: 
Pat Darras
Vice President of Operations

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	
Demand Charge per Kw:								Rate 38 Applicable as of 1/1/25
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: