



MONTANA-DAKOTA

UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

October 1, 2019

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

Re: ND State Capitol Electric Service
Agreement Case No. PU-19-_____

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits for Commission approval an original and seven (7) copies of an Interruptible Electric Service Agreement between Montana-Dakota and the State of North Dakota Office of Management and Budget (ND State Capitol Building or Capitol) in accordance with Section 69-09-02-01 Subsection 3 of the North Dakota Public Service Commission's Electric Rules and Regulations. The attached Interruptible Service Agreement, if approved by the Commission would supersede the current agreement with the Capitol, dated May 8, 2007.

On May 10, 2007, in Case No. PU-07-189, Montana-Dakota requested Commission approval of Amendment No. 1 to the Electric Service Agreement with the Capitol. Amendment No. 1 to the Capitol's Electric Service Agreement provided that the ND State Capitol Building would take interruptible service under Montana-Dakota's Interruptible Large Power Demand Response Rate 38 tariff but pay the demand charges applicable the Company's General Service Rate 30 tariff. Montana-Dakota would purchase the installed generating capacity of the Capitol's generator for a monthly billing credit of \$2.50 per KW of accredited capacity. The Company would also purchase any energy generated by the Capitol, and supplied to, Montana-Dakota during service interruptions not to exceed a maximum of 100 hours per year, based on the Capitol's weighted average cost of diesel fuel as updated May 1 of each year. The ten percent discount provided for in the Electric Service Agreement approved in Case No. PU-399-98-88 would also continue. The Commission approved Amendment No. 1 to the Electric Service Agreement on May 16, 2007.

In 2011, the Electric Service Agreement was amended to reflect a change in the Capitol's monthly billing credit. Amendment No. 2 was entered into on November 10, 2011 and reflected an increased monthly billing credit of \$3.00 per KW of accredited capacity. The change in bill credit coincided with the implementation of rates in the

Company's 2010 electric rate case, Case No. PU-10-124, in which the Commission authorized a \$3.00 rate differential in the demand charges billed under Rate 38 and Rate 30. This rate differential caused a corresponding increase in the Capitol's bill credit.

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 the Capitol, had been reviewed, customers 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 for three out of the four contract rate customers. At that time, no change was proposed to the existing Capitol agreement and therefore no updated agreement was filed with the Commission.

A new agreement was subsequently entered into between Montana-Dakota and the Capitol, pending Commission approval, following further discussions with Commission Staff, Montana-Dakota, and the Capitol. Montana-Dakota is now submitting the new Interruptible Service Agreement that is proposed to supersede the current Electric Service Agreement. The new agreement provides that the Capitol would continue to take interruptible service from Montana-Dakota under its Interruptible Large Power Demand Response Rate 38 tariff at the tariffed rates with a Basic Service Charge of \$100.00 per month as provided for in paragraph eight of the new agreement. Montana-Dakota would also continue to purchase the installed generating capacity of the Capitol's generator for a monthly billing credit of \$3.00 per Kw of accredited capacity. The \$3.00 per Kw capacity credit is approximately the same credit amount provided customers under Montana-Dakota's Demand Response Resource (DRR) Program and recognizes the benefit provided by the Capitol's generator that can not only serve the Capitol's requirements but also provide additional power supply to the Company.

Under the new agreement, Montana-Dakota would continue to purchase any excess energy generated by the Capitol during service interruptions. The energy purchased by the Company would now be dependent on the number of service interruption hours. The first 50 hours per calendar year would now be purchased at the Company's current avoided cost rate, i.e. the Energy Payment Rate under Montana-Dakota's Occasional Power Purchase Non-Time Differentiated Rate 95 tariff effective at the time of the curtailment. After the 50 hours per calendar year has been surpassed, the Company would purchase the energy at a rate of 21¢ per Kwh. The 21¢ per Kwh is the same energy payment provided to the Company's DRR Program customers and is comparable to the customer's cost of using diesel generation.

The ten percent discount provided for in the current Electric Service Agreement would cease effective with Commission approval of this new Interruptible Service Agreement.

Montana-Dakota requests Commission approval of the new Capitol agreement as the agreement continues to provide a cost-effective demand response and capacity resource available to Montana-Dakota's integrated system.

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

INTERRUPTIBLE ELECTRIC SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 12 day of September, 2019, is by and between STATE OF NORTH DAKOTA, OFFICE OF MANAGEMENT AND BUDGET, 600 East Boulevard Avenue, Bismarck, ND 58505 hereinafter referred to as "Customer", and MONTANA-DAKOTA UTILITIES CO., 400 North Fourth Street, Bismarck, North Dakota 58501, hereinafter referred to as "Company".

WITNESSETH:

WHEREAS, Company is a public utility engaged in the generation, transmission and distribution of electric energy for consumption; and

WHEREAS, Customer is the owner of NORTH DAKOTA STATE CAPITOL COMPLEX located in the city of Bismarck, ND; and

WHEREAS, Customer desires to purchase interruptible electric energy from Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein to be kept and performed by the respective parties, the parties hereto agree as follows:

1. PURCHASE AND SALE OF INTERRUPTIBLE ELECTRIC POWER: Company will sell to Customer and Customer will purchase from Company during the term of this Agreement interruptible electric power pursuant to the terms and conditions of the North Dakota Public Service Commission approved Interruptible Large Power Service Rate 38 attached hereto as Exhibit "A". Rate 38 may be amended through a unilateral rate filing made by Company and approved by the North Dakota Public Service Commission. None of the interruptible electric power delivered and sold hereunder shall be resold by Customer. It is Customer's responsibility to submit specifications and detailed plans for the installation of Customer's equipment for review and written approval by Company prior to making any changes to the installed equipment. Customer is responsible for the remote terminal unit ("RTU") installation and upgrade costs located between the Customer's generator and the Company's energy management control system. Company will notify Customer when an RTU upgrade is required and the Customer shall be given the opportunity to decide whether the RTU upgrade "RTU upgrade event" should be installed or this Agreement shall be terminated pursuant to Paragraph 16. Written approval by Company in no way implies that the design meets Customer's needs or meets requirements of the National Electrical Safety Code, or state or local laws applicable to the installation.

2. CAPACITY CREDIT

Customer will sell to Company and Company will purchase from Customer during the term of this Agreement excess capacity from Customer's generator during times of Customer curtailment. The capacity payment will be in the form of a monthly billing credit of \$3.00 per kW for the verified output of Customer's generator, as determined by an annual output capability test performed each May and reported using "Exhibit B" completed by Customer and submitted to Company no later than June first during the term of this Agreement. Capacity payment will be adjusted on June 1 of each year based on results of the last URGE Test submitted by Customer.

3. ENERGY DELIVERED TO COMPANY

Customer will sell to Company and Company will purchase from Customer during the term of this Agreement excess energy from Customer's generator during times of Customer curtailment. Company will install a meter to measure the energy generated by Customer and supplied to the Company. The Energy Payment Rate for the first fifty (50) hours per calendar year shall be at the Company's avoided Energy Payment Rate under Rate 95 in effect at the time of the curtailment. The Energy Payment Rate for all hours in excess of fifty (50) hours per calendar year shall be twenty-one cents (\$0.21) per KWH.

4. ENERGY SUPPLY: All interruptible electric power delivered under this Agreement shall be supplied through a separately metered circuit at whatever primary voltage is available at the point of delivery but not less than 2,400 volts, 60 cycle alternating current, three phase, and shall be arranged to allow remote operation by Company.

5. EASEMENT, IF NEEDED: If it is necessary to build a substation or other facilities to serve Customer under the interruptible rate, Customer shall provide Company with an easement and location on which to build the substation or other facilities.

6. MAINTENANCE: Customer agrees to regularly maintain the equipment owned by it and utilized by it in conjunction with the purchase and sale of interruptible electric power. Customer shall schedule normal maintenance through Company, preferably six months in advance. Customer shall not schedule normal maintenance work during the months of June thru September which are typically Company's peak load months. Customer shall submit maintenance schedules in writing to Company's Electric Systems Manager at 400 North Fourth Street, Bismarck, ND 58501.

7. METERS AND METERING: All interruptible electric power delivered hereunder shall be metered by Company at the delivery point designated as 600 East Boulevard Avenue Bismarck, North Dakota. Company will read the meter(s) monthly and report such meter readings to Customer. Company shall install a recorder in

Customer's interruptible circuit to confirm time of interruptions. Company shall test the meter(s) according to approved rules and tariffs filed with the North Dakota Public Service Commission.

8. RATE SCHEDULES: The demand charge and energy charge to be paid by Customer shall be paid in accordance with Rate 38. Customer's initial monthly Base Rate payments to Company, as Base Rate is defined by Rate 38, shall be: \$100.00 per month.

9. POWER UTILIZATION: When multiple phase service is provided, electric power shall be taken and used so that the current will be balanced equally on all phases. Whenever the difference between the currents shall exceed ten percent (10%) of the total amount taken from any one phase, either at the time of minimum or maximum demand, the load shall be so arranged that the unbalanced condition will not exceed ten percent (10%).

10. INTERRUPTIBLE SERVICE: Electric power supplied under this Agreement shall be on an interruptible basis. The frequency and duration of interruptions shall be at the sole discretion of Company, but in no event will the total hours interrupted exceed 100 hours during an annual period starting with the in-service date of this Agreement and annually thereafter. Company will require Customer to interrupt service within ten (10) minutes or less after receipt of notification or signal to interrupt service from Company's electric systems control center in Bismarck, ND. Restoration of service can only occur after receipt of notification or signal from Company's electric systems control center that restoration is permitted.

11. PARALLEL GENERATION: Customer installation is designed for continuous (not limited to 180 seconds or less) parallel operation with Company's system and shall meet the requirements as defined in the Company's "Guidelines for Interconnection Requirements and Parallel Operation of Customer-Owned Generation" dated January 1999.

12. FORCE MAJEURE: The term "Force Majeure" as used herein, means unforeseeable causes beyond the reasonable control of and without fault or negligence of Customer, but does not mean causes resulting from normal operation and maintenance of Customer's generation equipment. If Customer, because of Force Majeure, is rendered wholly or partly unable to perform its obligation under this Agreement, which obligation is to interrupt electric service within ten (10) minutes or less after receipt of notification or signal to interrupt service from Company's electric system control center, then Customer shall be excused by the Force Majeure from paying the penalty described in Paragraph 17 but not from paying for services as described in Paragraph 8, provided that:

a) Customer, within two weeks after the occurrence of the Force Majeure, gives Company written notice describing the particulars of the condition or occurrence which resulted in the Force Majeure;

b) The suspension of performance is of no greater scope nor of longer duration than is required by the Force Majeure;

c) Obligations of Customer which arose before the occurrence causing the suspension of performance are not excused as a result of the occurrence of Force Majeure; and

d) Customer uses its best efforts to remedy its inability to perform.

13. SERVICE LIABILITY: Company shall maintain service to Customer in accordance with accepted engineering practices in the operation of electric utilities, but shall not be liable to Customer for any loss or damage caused by or resulting from interruptions or the suspension of service under this Agreement.

14. GOVERNMENT REGULATION: This Agreement is subject to the jurisdiction of the North Dakota Public Service Commission and any present and future laws and rules dealing with public utilities providing electric service. Any provision herein inconsistent with such laws or rules is amended to comply therewith. This Agreement is subject to filing with the North Dakota Public Service Commission pursuant to NDAC Rule 69-09-02-01.

15. LIABILITY: As between the parties hereto, Company shall be liable only for accidents occurring by reason of the operation of its own lines and equipment and for injury or damage caused solely by the negligence of Company's employees and representatives. Customer hereby agrees to indemnify and hold Company harmless from any and all liabilities directly or indirectly caused by/from the installation or operation of Customer's generator or equipment. Company reserves the right to require proof of and establish limits of liability insurance from Customer.

16. TERM: This Agreement shall remain in full force and effect for an initial period extending for ten (10) years from the date thereof, and year to year thereafter until either party cancels the Agreement with the exception of the RTU Upgrade Event in Paragraph 1. Either party may cancel this Agreement at any time after the initial ten-year period, provided that no less than one (1) years written notice is furnished to the other party.

17. BREACH OF AGREEMENT: If Customer breaches the terms of this Agreement, including Rate 38 attached hereto as Exhibit "A" and any amendments thereto, Company may declare the Agreement null and void and terminate Company's obligations hereunder. If the breach is caused by Customer's failure to comply with an interruption order from Company, for reasons other than Force Majeure, Customer shall be responsible for reimbursing the Company of any penalties imposed on the

Company by Midwest Independent System Operator (MISO) for the period of non-compliance. After a second failure to perform, within a 12-Month period, the Customer shall be liable for any penalties and may be moved to the otherwise applicable rate.

18. ACCESS: Customer hereby grants Company access to the property of Customer for manual interruptions of service, if necessary, and for the servicing and maintenance of Company's equipment. If Company installs equipment for remote interruption of service, Customer shall comply with Paragraph 3 of the Special Terms and Conditions contained in Rate 38. Customer shall provide a visibly open, gang-operated, load break disconnect switch, capable of being locked in an open position that will completely isolate Customer's equipment from Company's system. Such disconnect switch shall be installed in a place easily accessible to Company at all times.

19. 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 hour basis for interrupting or restoring service, if necessary.

NAME	TELEPHONE NUMBER
<u>Tom Job</u>	<u>701-220-1015</u>
<u>Jim Leingang</u>	<u>701-220-1015</u>

Any change in the foregoing names and numbers shall be provided to Company immediately in writing.

20. ASSIGNMENT: With the written approval of Company, Customer may assign its rights and obligations under this Agreement to any subsequent owner or operator of Customer's facility.

21. NOTICES: Notices required hereunder, other than oral or telephone interruption orders, shall be in writing and shall be sent to the respective addresses below:

To Company: Vice President - Electric Supply
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

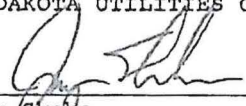
To Customer: Director of Facility Management
State of North Dakota, Office of Management &
Budget
600 E Boulevard Avenue
Bismarck, ND 58505

22. ENTIRE AGREEMENT: This is the entire agreement between the parties hereto and this Agreement supersedes and replaces all prior agreements between the parties with respect to the subject matter described herein. For the avoidance of doubt, the Electric Service Agreement entered into by the parties on February 10, 1998, as amended, and the Interruptible Electric Service Agreement entered into by the parties on May 8, 2007, as amended shall be and hereby are terminated and of no further force or effect upon the effective date of this Agreement. This Agreement may be amended only by written agreement, properly executed by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

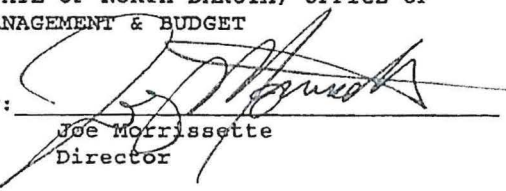
COMPANY

MONTANA-DAKOTA UTILITIES CO.

By: 
Jay Skabo
Vice President - Electric Supply

CUSTOMER

STATE OF NORTH DAKOTA, OFFICE OF
MANAGEMENT & BUDGET

By: 
Joe Morrissette
Director