

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

August 1, 2022

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

Re: Request to Implement New Rate Schedule High Density Contracted
Demand Response Rate 45
Case No. PU-22-_____

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits for North Dakota Public Service Commission (Commission) approval an original and seven (7) copies of a proposed new electric rate schedule, High Density Contracted Demand Response Rate 45, designated as Original Sheet Nos. 30 through 30.2 of the Company's electric tariff, and attached hereto as Exhibit 1. Exhibit 1 also includes the corresponding proposed change to the Company's Table of Contents, 6th Revised Sheet No. 1 to reflect the insertion of the new rate schedule.

The Company is proposing the new rate schedule in response to recent inquiries for electric service to facilities housing blockchain technology where the load requirements of such facilities far exceed those of the Company's typical general electric service customer today and whose unique operations require terms and conditions specific to these customers. Montana-Dakota believes the proposed rate schedule, as described further herein, will provide these prospective customers with an electric rate schedule that outlines the general availability of such a rate schedule as well as the terms and conditions required for service under the rate schedule.

Under the Company's current electric service tariff, Montana-Dakota is able to provide service under General Electric Service Rate 30 (Rate 30), Firm Service Economic Development Rate 34 (Rate 34) or Interruptible Large Power Demand Response Rate 38 (Rate 38), depending on the customer, their load, and operating characteristics. However, recent inquiries indicate there may be a need for a new rate schedule in North Dakota specific to this type of customer. For purposes of this new rate schedule, the Company is defining these "super users" of energy as data center-type facilities that house high density computer processing technology where such facilities have an expected monthly demand of at least 10,000 Kw (10 MW) metered at a single delivery point and an expected minimum load factor of 85 percent. The size and energy requirements of these prospective customers sets them apart from the Company's other general service customers and lends itself to a

rate schedule that can provide these “super users” with a lower overall energy cost that is currently not provided for under today’s electric tariff in North Dakota.

Furthermore, the unique operations of these facilities require some additional general terms and conditions specific to these customers. A customer taking service under proposed Rate 45 will be required to enter into an electric service agreement prior to the commencement of service. Each agreement will define the customer’s billing as well as any terms and conditions including, but not limited to, the cost responsibility of any new infrastructure required to serve the customer. The charges applicable under each agreement will be designed to provide adequate revenues from the new load that, at a minimum, will recover any incremental costs incurred in providing service to the new customer while also ensuring Montana-Dakota and the Company’s other North Dakota customers are not harmed by these “super users” becoming a Montana-Dakota customer.

The new rate is being proposed as an interruptible demand response rate. As such, the Company is proposing to include general terms and conditions within the rate schedule, like those of Rate 38, that define the interruption obligations of a customer for service under the rate. This ability to interrupt these “super users” benefits both Montana-Dakota and its customers during times of system constraint either locally or regionally or due to system economic conditions.

The rate schedule provides potential customers with an innovative pricing structure and outlines the terms and conditions which a customer must adhere to in order to be eligible for service under the rate schedule. The innovative pricing structure provides for the recovery of any incremental costs incurred by the Company for electric service to these customers and limits the impact of a Rate 45 customer on all other customers by assigning any incremental cost responsibility to the cost causer.

The Company’s other customers will also benefit from a Rate 45 customer coming online in that these “super users” will help to lower the overall transmission costs currently paid for by all other customers as these Rate 45 customers will be charged Montana-Dakota’s zonal MISO transmission rate. While the revenue received under Schedule 9 will decrease due to the reduction in the Company’s transmission rate and Montana-Dakota’s customers (with the inclusion of Rate 45 customers) will be responsible for a greater share of the Company’s transmission revenue requirement, these higher transmission costs will be offset by the revenue received from the transmission charges billed Rate 45 customers. The net result is lower overall transmission costs paid for by Montana-Dakota’s other customers.

And last, the communities in which these Rate 45 customers locate will benefit through not only the employment opportunities needed to operate such facilities, but the additional tax revenue received due to these facilities locating in their communities.

Montana-Dakota respectfully requests Commission approval of High Density Contracted Demand Response Rate 45 and the corresponding change to the Table of Contents.

Please refer all inquiries regarding this filing to:

Mr. Travis R. Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501
Travis.jacobson@mdu.com

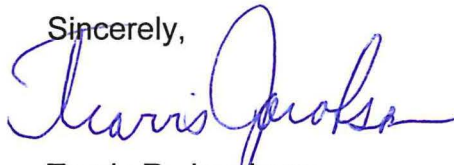
Also please send copies of all written inquiries, correspondence, and pleadings to:

Ms. Allison Waldon
Attorney
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, North Dakota 58506-5650
Allison.waldon@MDUResources.com

Following the filing of the Company's request, Montana-Dakota will submit via ACH a filing fee of \$50.00 in accordance with the requirements of Section 49-05-05 of the North Dakota Century Code.

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

Sincerely,



Travis R. Jacobson
Director of Regulatory Affairs

Attachments

cc: Allison Waldon

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)	
MONTANA-DAKOTA UTILITIES CO. for)	
Approval to Implement New Rate)	Case No. PU-22-_____
Schedule High Density Contracted)	
Demand Response Rate 45)	

I. Summary of Application

Montana-Dakota Utilities Co. (Montana-Dakota, Applicant, or the Company), the Applicant in the above-entitled proceeding, herewith submits this application requesting North Dakota Public Service Commission (Commission) approval to implement a new electric rate schedule, High Density Contracted Demand Response Rate 45 (Rate 45), designated as Original Sheet Nos. 30 through 30.2 in the Company's electric tariff. The new rate is being proposed in response to recent inquiries for electric service to facilities housing blockchain technology where the load characteristics of such facilities far exceed those of a typical general electric service customer today and whose unique operations require terms and conditions specific to these customers. The proposed new rate schedule is attached hereto as Exhibit 1, along with a corresponding change to the electric Table of Contents reflecting the insertion of the new rate schedule.

II. Description of Applicant

Montana-Dakota is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation

by the North Dakota Public Service Commission (Commission) under NDCC Title 49, N.D.C.C. The Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein.

III. Blockchain Customer Inquiries

Blockchain Customer Interest.

Montana-Dakota has recently received a number of inquiries from potential customers interested in locating their facilities in the Company's service territory. These potential customers are unique in regard not only for the type of relatively new business being conducted within their facilities but also for their ability to quickly relocate their facilities to new locations throughout the globe and their "super user" load requirements.

Cryptocurrency mining is the process of computers solving complex calculations to validate cryptocurrency transactions on a blockchain network. A blockchain, in simple terms, is an unchangeable digital ledger which is managed by a decentralized network. The blockchain is a public ledger of every transaction ever processed for a particular cryptocurrency. In the early stages of Bitcoin, home computers could be used to mine coins. However, as the Bitcoin Blockchain has grown, more power is needed. Today, "containers" or warehouses can be used to house servers to crypto-mine which require a significant amount of electricity.

Typical racks of servers for normal data centers and business transactions require 5 to 7 Kw of capacity to serve each rack. A blockchain or crypto-mining

server rack typically requires 2 to 3 times that amount per rack or 15 to 18 Kw of capacity. A typical crypto-mining 40-foot container typically requires 1 MW of power. The servers' consumption is, for the most part, continuous, meaning the data center operates at a high load factor.

These servers can be housed in an established brick and mortar type structure or quickly setup through container or trailer type structures. This housing structure flexibility allows these facilities to locate almost anywhere around the globe where there is access to available electrical capacity and energy at an affordable cost to the owner of the facility.

Other High Density Computer Processing Technology Facilities.

While recent customer interest has primarily been for electric service to facilities housing blockchain technology, the Company did not want to limit the new rate schedule's availability to include only that type of high density computer processing technology. Therefore, in recognition that there are facilities housing other high density computer processing technology that may be similar in size and operations to that of a blockchain customer, the Company is proposing that the new rate schedule be available to any data center-type facility that houses these high density computer processing technology where the customer's facility meets the minimum size and load factor requirements and be able to interrupt service within minutes.

IV. Proposed High Density Contracted Demand Response Rate 45

For the reasons outlined above, Montana-Dakota finds value in proactively

establishing a new rate schedule that outlines the availability of such a rate schedule as well as the billing and general terms and conditions of service required for continued service under Rate 45. As such, Montana-Dakota is proposing High Density Contracted Demand Response Rate 45, included herein as Exhibit 1. Each section of the proposed rate schedule is further defined below.

Availability

Montana-Dakota is proposing two main requirements for electric service under Rate 45: (1) a customer's minimum load requirements and (2) the ability to interrupt a customer's electric service. First, Montana-Dakota is proposing that a customer must have (1) an expected demand of at least 10,000 Kw (10 MW) per month metered at a single delivery point and (2) an expected minimum load factor of 85 percent. This ensures that only the largest of customers are eligible for service under this new rate schedule that provides for an individualized rate structure reflective of each customer's load characteristics. Second, Montana-Dakota is proposing that the Company be able to interrupt a customer's service up to 200 hours annually or as outlined in the customer's electric service agreement. The ability to interrupt a customer's service provides reliability protection for all customers during system emergencies and the utilization of the customer's load to meet the peak demand and planning reserve margin requirements within the MISO resource adequacy requirements that the Company operates under.

Customers who do not maintain these requirements will have their electric service moved to the otherwise applicable rate schedule.

Billing

Montana-Dakota is proposing that any incremental costs be paid for by the customer as specified in an electric service agreement entered into by and between the Company and the customer and that the electric service agreement be approved by the Commission. Costs included in the electric service agreement will be reflective of the costs required to provide electric service to the customer and will be identified in the electric service agreement filed with the Commission.

While the presentation of the rate schedule's charges does not conform to the presentation of rates currently reflected on the Company's other electric rate schedules, Rate 45 provides the Company with the ability to provide an individualized pricing structure reflective of each customer's load requirements when entering into an agreement. This flexibility lends itself to an overall lower energy bill while also incentivizing these customers to locate in the communities served by Montana-Dakota. This in turn benefits all Montana-Dakota customers through lower transmission-related costs.

Additionally, Montana-Dakota is proposing that the Company be allowed to offer a billing frequency to Rate 45 customers that may deviate from the standard "thirty-day" monthly bill. Montana-Dakota finds value in being able to bill Rate 45 customers on a more frequent basis due to the potential size of these customers' bills. The billing arrangement would be identified within the electric service agreement filed with the Commission.

General Terms and Conditions

Montana-Dakota is proposing a number of general terms and conditions a

Rate 45 customer must meet in order to initiate, and continue, service under proposed Rate 45. Under the proposed General Terms and Conditions:

- A customer shall execute an electric service agreement with the Company which shall be filed and approved by the Commission prior to the commencement of service under Rate 45.
- The electric service agreement shall have a minimum term of at least three years but not to exceed five years.
- Each electric service agreement shall define:
 - The number of hours a customer may be interrupted in an annual period, which is further defined as an annual period beginning June 1 and ending May 31 of the following year.
 - The length of time (in minutes) in which the customer must interrupt their service following receipt of the Company's signal to interrupt.
 - The amount of firm load not subject to interruption.
 - The deposit amount required prior to the commencement of service. Any deviations, from the deposit requirements outlined in Section 69-09-01-17(1) of the North Dakota Administrative Code and the Company's General Provisions Rate 100, Section III(2) Consumer Deposits, will be requested as part of the electric service agreement filed with the Commission.
- Service shall be extended to a customer in accordance with paragraph

10 of Rate 45's General Terms and Conditions. The inclusion of this proposed provision recognizes and addresses the level of uncertainty regarding the permanency of these customers. The provision follows much of the Company's Electric Service Rules and Regulations Rate 110, Section 200, subpart 203 Temporary Service. Under this subpart, a customer shall make a deposit in advance in the amount of the Company's estimated cost of installing and furnishing such service facilities, including the cost of disconnecting and removing the same facilities. The final billing will reflect credit for the salvage value of materials used in providing electric service to customer's facilities. Any deficiency in such advance payment shall be paid by the customer upon presentation of a bill by the Company. Any amount deposited in excess of final billing by the Company will be refunded to the customer.

While this potential load is not temporary such as those identified in subpart 203, there does exist a degree of uncertainty regarding the long-term nature of these loads due to the ability of these customers to relocate in a relatively short time frame. As such, Montana-Dakota believes there is a parallel between Rate 45 customers and temporary customers regarding the recovery of any extension costs.

In addition, the Company believes any new investment required to serve a Rate 45 customer should be borne solely by that customer. By requiring a Rate 45 customer to pay a non-refundable contribution

prior to the start of construction, the Company can ensure (1) any cost responsibility is borne solely by the cost causer and (2) the Company's other customers will not bear the cost of any extension of facilities should the customer leave as the Company's rate base will remain unchanged as a result of the treatment of these contributions.

Therefore Montana-Dakota is proposing that the Company collect a Contribution in Aid of Construction (CIAC) from Rate 45 customers, in lieu of the extension of electric facilities under the Company's Electric Extension Policy Rate 112.

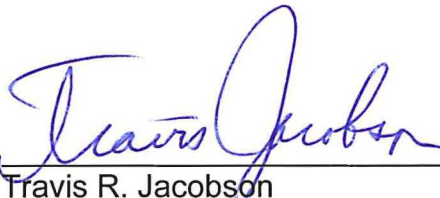
- The general terms and conditions also outline the demand response requirements a customer must adhere to for continued service under Rate 45. These are the same requirements that customers taking service under Rate 38 must adhere to, with the exception on the number of hours a customer may be interrupted. The Company is proposing that customers under Rate 45 be allowed to be interrupted at any time up to 200 hours per year or as included in the electric service agreement. Currently customers under Rate 38 can be interrupted up to 100 hours in an annual period. The increase in hours recognizes the size of these customers' loads and that additional interruptions may be necessary in times of system constraint or for economic reasons.

V. Conclusion

Montana-Dakota is proposing a new rate schedule in response to recent inquiries for service whose size and operations sets these customers apart from the Company's other customers. Montana-Dakota finds value in proactively establishing a new rate schedule that the Company believes recognizes these customers' unique operations and provides these "super users" of energy with a lower overall per unit energy cost while also providing a benefit to all Montana-Dakota customers through lower transmission-related costs. The proposed rate schedule also provides assurances that these new customers will pay the incremental costs incurred for the provision of service to them. Rate 45 also provides an additional resource that the Company can utilize in times of system constraints.

Montana-Dakota respectfully requests Commission approval of High Density Contracted Demand Response Rate 45 and the corresponding changes to its Electric Table of Contents.

Dated this 1st day of August 2022.



Travis R. Jacobson
Director of Regulatory Affairs

Of Counsel:

Allison Waldon
Attorney
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

Exhibit 1



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4

6th Revised Sheet No. 1

Canceling 5th Revised Sheet No. 1

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Date Filed: August 1, 2022

Effective Date:

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Case No.: PU-22-



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 30

HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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Availability:

In all communities served for electric service to data center-type facilities housing high density computer processing technology where customers have (1) an expected demand of at least 10,000 Kw per month metered at a single delivery point and (2) an expected minimum load factor of 85%. Company must be able to interrupt customer's service under this rate schedule for up to 200 hours annually or as included in the electric service agreement. Customers who do not maintain these service requirements will have their service moved to the otherwise applicable rate schedule.

Billing:

As specified in the electric service agreement entered into by and between the Company and customer and approved by the North Dakota Public Service Commission. Customers taking service under this rate schedule shall be billed any and all incremental costs required to provide electric service to customers each month.

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 100 or any amendments or alterations thereto.

General Terms and Conditions:

1. The customer shall execute an electric service agreement with the Company which shall be filed and approved by the North Dakota Public Service Commission. Any changes to a customer's bill that were not identified or anticipated at the time the agreement was entered into with the customer shall be included in an addendum to the agreement and filed with the North Dakota Public Service Commission.
2. The electric service agreement shall have a minimum term of three years but not exceed five years.
3. The electric service agreement shall include
 - a. The number of hours a customer may be interrupted in an annual period.

Date Filed: August 1, 2022

Effective Date:

Issued By: Travis R. Jacobson
Director - Regulatory Affairs

Case No.: PU-22-



Montana-Dakota Utilities Co.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

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HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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- b. The length of time (in minutes) in which the customer must interrupt service following receipt of Company signal.
 - c. The firm load amount not subject to interruption.
 - d. The deposit amount required prior to the commencement of service under this rate schedule.
- 4. The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 97% lagging and 97% leading.
- 5. The customer is responsible for the remote terminal unit (RTU) equipment, if applicable, installation and upgrade costs located between the customer's generator, or load control system, and the Company's energy management control system. The Company shall notify the customer when an RTU upgrade is required and the customer shall be given the opportunity to decide whether the RTU upgrade (RTU upgrade event) is installed. If the RTU upgrade is not installed, the customer's Rate 45 service shall be terminated and the customer moved to the otherwise applicable rate.
- 6. The Company may request the customer to interrupt at any time during an annual period beginning June 1 of each year and ending May 31 of the following year.
- 7. The penalty for non-performance when the Company requests the customer to interrupt will be the greater of \$10.00 per Kw applicable to the demand specified in the electric service agreement with the Company or the appropriate reallocation of any penalties imposed on the Company by the Midcontinent Independent System Operator (MISO) during the period of non-performance. After a second failure to perform, within a 12-month period, the customer shall be liable for the penalty and may be moved to the otherwise applicable rate.

Date Filed: August 1, 2022

Effective Date:

Issued By: Travis R. Jacobson
Director - Regulatory Affairs

Case No.: PU-22-



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

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Original Sheet No. 30.2

HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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8. The Company may request a summer and winter performance test each year, lasting up to one hour in length, to test the customer's interruption capability. Scheduled performance tests shall not count against the hour limit identified in the customer's electric service agreement. Two failures to perform, within a 12-month period, may result in the customer being moved to the otherwise applicable rate.
9. Additional terms and conditions may be added or amended from time-to-time with written notice to the customer to comply with MISO's load modifying resource (LMR) eligibility for the Company's utilization. The customer shall have the option of accepting the additional program rules provided by the Company or be moved to the otherwise applicable rate.
10. The Company shall require a contribution in aid of construction (CIAC) from the customer, in advance of the construction of any facilities, in the amount of the Company's estimated cost of installing and furnishing such service facilities, including the cost to disconnect and remove the same facilities. The final billing will reflect credit for the salvage value of materials used in providing electric service to customer's facilities. Any deficiency in such advance payment shall be paid by the customer upon presentation of a bill by the Company. Any amount deposited in excess of final billing by the Company will be refunded to the customer.
11. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: August 1, 2022

Effective Date:

Issued By: Travis R. Jacobson
Director - Regulatory Affairs

Case No.: PU-22-

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4

~~56~~th Revised Sheet No. 1

Canceling ~~45~~th Revised Sheet No. 1

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	Reserved	37-38
55	Renewable Resource Cost Adjustment	39
56	Generation Resource Recovery Rider	40-40.1
57	Environmental Cost Recovery Rider	41

Date Filed: ~~June 26, 2017~~ August 1, 2022

Effective Date: ~~Service rendered on and
after August 7, 2017~~

Issued By: ~~Tamie A. Aberle~~ Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-16-666~~ 22-



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

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HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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2. The electric service agreement shall have a minimum term of three years but not exceed five years.
3. The electric service agreement shall include
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HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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 - c. The firm load amount not subject to interruption.
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4. The Company reserves the right to require the customer to install adequate equipment so that at all times it can operate its facilities to maintain a power factor between 97% lagging and 97% leading.
5. The customer is responsible for the remote terminal unit (RTU) equipment, if applicable, installation and upgrade costs located between the customer's generator, or load control system, and the Company's energy management control system. The Company shall notify the customer when an RTU upgrade is required and the customer shall be given the opportunity to decide whether the RTU upgrade (RTU upgrade event) is installed. If the RTU upgrade is not installed, the customer's Rate 45 service shall be terminated and the customer moved to the otherwise applicable rate.
6. The Company may request the customer to interrupt at any time during an annual period beginning June 1 of each year and ending May 31 of the following year.
7. The penalty for non-performance when the Company requests the customer to interrupt will be the greater of \$10.00 per Kw applicable to the demand specified in the electric service agreement with the Company or the appropriate reallocation of any penalties imposed on the Company by the Midcontinent Independent System Operator (MISO) during the period of non-performance. After a second failure to perform, within a 12-month period, the customer shall be liable for the penalty and may be moved to the otherwise applicable rate.

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Original Sheet No. 30.2

HIGH DENSITY CONTRACTED DEMAND RESPONSE Rate 45

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8. The Company may request a summer and winter performance test each year, lasting up to one hour in length, to test the customer's interruption capability. Scheduled performance tests shall not count against the hour limit identified in the customer's electric service agreement. Two failures to perform, within a 12-month period, may result in the customer being moved to the otherwise applicable rate.
9. Additional terms and conditions may be added or amended from time-to-time with written notice to the customer to comply with MISO's load modifying resource (LMR) eligibility for the Company's utilization. The customer shall have the option of accepting the additional program rules provided by the Company or be moved to the otherwise applicable rate.
10. The Company shall require a contribution in aid of construction (CIAC) from the customer, in advance of the construction of any facilities, in the amount of the Company's estimated cost of installing and furnishing such service facilities, including the cost to disconnect and remove the same facilities. The final billing will reflect credit for the salvage value of materials used in providing electric service to customer's facilities. Any deficiency in such advance payment shall be paid by the customer upon presentation of a bill by the Company. Any amount deposited in excess of final billing by the Company will be refunded to the customer.
11. The foregoing schedule is subject to Rates 100-112 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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