

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Christopher C Hanson Public Utility Analyst

Date: 11/19/2024

Re: Montana-Dakota Utilities Co/KEM Electric Coop Inc, Lake Isabel Area - Dawson, North Dakota, Service Area Agreement, Case No. PU-24-324

Montana-Dakota Utilities Co/KEM Electric Coop Inc, Lake Isabel Area - Dawson, North Dakota, Public Convenience and Necessity, Case No. PU-24-325

On August 28, 2024, Montana-Dakota Utilities Co. (MDU) and KEM Electric Coop. Inc. (KEM) filed a joint application for approval of a Service Area Agreement (SAA) to designate service locations to be served by MDU and KEM in the Lake Isabel area located near Dawson, ND. MDU further requests the issuance of a certificate of public convenience and necessity authorizing it to extend service to locations within the KEM service area set forth in the agreement.

A Notice of Opportunity for Consolidated Hearing was issued on September 27, 2024, with a due date of November 11, 2024. No requests for hearing were received.

Per Travis Jacobson, MDU Director of Regulatory Affairs, MDU has received four requests for service recently. KEM agreed with the first as they felt MDU could serve the load more efficiently. But they said they would protest the other three. To resolve this issue KEM suggested they collaborated to create a service area agreement (SAA) for this area. MDU currently serves the electric load in the vicinity of Lake Isabel and the proposed agreement formally recognizes that by granting MDU the right to service new load in that designated area.

Per staff discussion with Dale Nagel, KEM Chief of Staff, there has been growth in this area with lots being sold on Lake Etta nearby and further growth expected. He stated that KEM is supportive of this agreement and added that they will be filing another case for Dawson, ND soon and expect to file further SAAs for areas of mutual service with MDU in other areas in the near future.

MDU and KEM feel this SAA equitable and complies with North Dakota Century Code (NDCC) 49-03-06-01 which designates that a SAA is intended *“to encourage harmony and operational efficiency among electric providers, promote safety, discourage unreasonable duplication of electric facilities, assure adequate and reliable electric service”*.

Based upon this information staff finds that the application for Certificate of Public Convenience and Necessity is compatible with the public interest and that the SAA complies with NDCC 49-03-06.

C Dale Nagel-KEM Electric
Travis Jacobson- Montana-Dakota Utilities