Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Robert Frank Public Utility Analyst RF

Date: February 25, 2025

Re: Montana-Dakota Utilities Co., Electric Service Agreement- Dakota Prairie Refining, Approval, Case No. PU-24-379.

On December 5, 2024, Montana-Dakota Utilities Co. (MDU) filed an application for approval of its electric service agreement (ESA) with Dakota Prairie Refining, LLC, (Dakota) at a discounted rate compared to the standard and otherwise applicable General Electric Service Rate 30 (Rate 30).

MDU has served both of Dakota's services under Rate 30 since the accounts were initiated. In 2021, Dakota added customer load with soybean processing and bio-diesel conversion. Dakota issued a request for proposal for on-site renewable generation to help serve their needs and to explore reducing their carbon intensity index to help expand their marketability to the western U.S. biodiesel market.

On November 11, 2024, MDU entered into the ESA with Dakota pending Commission approval. The ESA stipulates that all firm electric power will be served by MDU with Phase I rates effective until December 31, 2025, and Phase II rates effective on January 1, 2026, both at discounted rates. Dakota commits to not purchase electric power from any other supplier and not to install or operate any electric power generation equipment to self-serve its refining facilities, unless used solely for backup purposes only.

The ESA's Phase II rates are equivalent to the rates for the Amend No. 3 Electric Service Agreement between MDU and Tesoro Refining and Marketing Company, Case No. PU-24-380. This case is currently pending approval from the Commission to continue to provide power to the Tesoro Refinery in Mandan, North Dakota.

MDU's interest in entering into the electric service agreement with Dakota is to retain serving their full load as an electric customer. The discount contained in the ESA covers the lost margins and rate impacts to other MDU customers if Dakota would self-generate a portion of their electric needs on-site.

Staff has reviewed the filing and finds the ESA just and reasonable for approval.

C. Travis Jacobson

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Public Service Commission
Robert Frank