



*A Subsidiary of MDU Resources Group, Inc.*

400 North Fourth Street  
Bismarck, ND 58501  
701-222-7900  
www.montana-dakota.com

December 5, 2024

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

Re: Tesoro Refinery & Marketing Company Electric Service Agreement  
Amendment No. 3  
Case No. PU-24-\_\_\_\_\_

Montana-Dakota Utilities Co. (Montana-Dakota), herewith submits for North Dakota Public Service Commission (Commission) approval an original and seven (7) copies of Amendment No. 3 to Tesoro Refining & Marketing Company's (Tesoro) 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.

### **Background of Tesoro Agreement**

On March 25, 2003, in Case No. PU-399-03-155, Montana-Dakota requested Commission approval of an Electric Service Agreement with Tesoro. The agreement was offered in recognition of the additional growth associated with changes in Tesoro's process requirements at its Mandan, North Dakota location and in exchange for Tesoro's commitment not to install or operate any additional electric power generation equipment or to purchase electricity from any supplier other than Montana-Dakota during the five-year term. The Commission approved the agreement on April 9, 2003.

On May 14, 2007, in Case No. PU-07-189, Montana-Dakota requested Commission approval of Amendment No. 1 to the Tesoro Agreement. The amendment expanded the 2003 agreement to include an additional substation at a rate structure that enabled Tesoro to operate its facilities more efficiently and the opportunity to serve additional load in the near term. The Commission approved the amended agreement on August 8, 2007.

On December 28, 2018, in Case No. PU-18-434, Montana-Dakota requested Commission approval of Amendment No. 2 to the Tesoro Agreement pursuant to the Commission's Order approving the Settlement Agreement in Case No. PU-16-666, the Company's 2016 electric rate case. Amendment No. 2 provided for the continued sale of all firm electric power required by Tesoro at the defined contracted rates,

including the application of the Company's electric rate riders. Additionally, the 1806 Substation would no longer be covered under the agreement. A settlement agreement with Commission Advocacy Staff was subsequently filed with the Commission, resolving all issues in the proceeding. The Commission approved the settlement agreement on July 25, 2019.

**Amendment No. 3**

On November 11, 2024, Montana-Dakota and Tesoro entered into Amendment No. 3 to the Tesoro Agreement, pending Commission approval. This third amendment provides for the continued sale of all firm electric power required by Tesoro at the Central Station delivery point at the same contract rates applicable to Tesoro today, as updated and approved by the Commission in Case No. PU-22-194, the Company's most recent electric rate case. Consistent with Amendment No. 2, this amendment also provides that the Tesoro contract rates are subject to change upon the filing of a general rate case or electric rate rider filing approved by the Commission.

The agreement further provides that Tesoro will not install or operate any electric power generation equipment to self-serve their facilities other than the three existing 3,200 kW pressure reducing turbines at the Mandan location today, unless used solely for emergency back-up purposes. Additionally, Tesoro maintains the right to install small microturbines under 310 kW where the primary purpose is to improve the energy efficiency of their process through waste heat or pressure utilization. The number of microturbines shall be limited to two units at the Mandan location.

The Tesoro Agreement continues to be in the best interest of Montana-Dakota's North Dakota electric customers as it will continue to minimize price increases in the future due to the retention of the customer's load, and potential growth, of electric power sales to Tesoro at the Mandan location. Therefore Montana-Dakota respectfully requests Commission approval of the attached amendment to the Tesoro Agreement.

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, ND 58501  
Travis.Jacobson@mdu.com

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

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

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

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

Attachments

cc: A. Waldon

**AMENDMENT NO. 3  
ELECTRIC SERVICE AGREEMENT**

THIS AMENDMENT to the ELECTRIC SERVICE AGREEMENT (“Amendment”), is dated and entered into this 11 day of November, 2024, by and between Tesoro Refining & Marketing Company LLC whose address is 19100 Ridgewood Parkway, San Antonio, Texas (“Customer”), and MONTANA-DAKOTA UTILITIES CO, whose address is 400 North Fourth Street, Bismarck, North Dakota 58501 (“Company”), sometimes singularly referred to as “Party”, or, collectively as “Parties”.

WHEREAS, Tesoro Petroleum Corporation (“Tesoro”) and Company entered into an Electric Service Agreement (the “Agreement”) dated March 24, 2003, as amended on April 20, 2007 and as amended on September 17, 2018, pursuant to which Company contracted to provide electric service to Customer’s facility in Mandan, ND;

WHEREAS, said Agreement and its Exhibits were to remain in effect for a period of five (5) years from the March 24, 2003, 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 1 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:
  - a. Company shall deliver electric power necessary for Customer to operate existing equipment and facilities and any new equipment or facilities to be constructed by Customer. Customer agrees to consult with the Company, as legally permissible, before designing or installing new or upgraded facilities that will result in a significant increase in Customer’s electric load to assure Company’s equipment will meet the Customer’s electric requirements and Customer receives adequate service.
  - b. Customer agrees not to purchase electricity required for the operation of existing equipment and facilities or for new load associated with changes to equipment and facilities from any supplier other than Company during the term of this Agreement.
  - c. Except as provided in this Section 1(c) and in Section 1(d), for the entire term of this Agreement, Customer agrees not to install or operate any electric power generation equipment to serve Customer’s facilities other than the three (3) existing 3,200 kW pressure reducing turbines at the Mandan Refinery, or subsequent equivalent replacements thereto. This Agreement shall not, however, restrict Customer’s right to install and operate generation facilities used solely for emergency back-up purposes.
  - d. This agreement shall not restrict the Customer’s right to install small microturbines under 310 kW which primary purpose is to improve the

energy efficiency of the Customer's process through waste heat or pressure utilization. However, microturbine installation shall be limited to no more than two (2) units at the Mandan Refinery.

e. Customer shall not have the right to resell electric power delivered and sold hereunder by Company.

f. Company's "existing facilities" under this agreement means Company's facilities providing electric service at the Mandan Central Substation point of delivery listed on Exhibit A of the Agreement.

2. The Parties agree to delete Section 3 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

5. **RATE SCHEDULE:** All electric power delivered hereunder shall be purchased by Customer in accordance with the rate schedule attached hereto as Exhibit B. 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 General Electric Service Rate 30 shall also be applicable to the rate schedule under this Agreement. It is further agreed that in the event the Base Service Charge, Power Factor Clause, Demand Charge, or Energy Charge, applicable under the Company's General Service Rate 30, are modified pursuant to a general rate case or other regulatory proceeding before the North Dakota Public Service Commission the charges applicable under Exhibit B shall be subject to review and modification in order to represent the same percentage differential between Exhibit B and Exhibit B1, as adjusted by rate adjustment mechanisms, and the General Electric Service Rate 30, 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.

6. The Parties agree to delete Section 11 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

11. **TERM:** The terms outlined in the Third Amendment to the Agreement shall become effective upon approval of the North Dakota Public Service Commission of the Third Amendment and shall remain in full force and effect for a period extending from the date thereof for three (3) years, and from year to year thereafter. Either Party may cancel this Agreement at any time after the 3-year period, provided that no less than six (6) months written notice is furnished to the other Party prior to the termination date. For the avoidance of doubt, the original effective date of the Agreement occurred when it was initially approved by the North Dakota Public Service Commission, and the Parties agree to preserve all rights and obligations arising from the Agreement prior to the effective date of the documented in this Third Amendment.

7. The Parties agree to delete Section 12 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

**12. Breach of Agreement:** If either Party Breaches the material terms of this Agreement, including nonpayment by Customer of any amounts due Company hereunder, and does not correct the breach within thirty (30) days, the other party may declare the Agreement null and void and terminate their obligations hereunder. If the breach is caused by Customer's installation of additional electric power generation equipment not expressly allowed in Sections 1(c) or 1(d) or by the purchase of electricity from a supplier other than Company, Customer shall be liable to Company for an amount equal to the difference in cost between the rate schedule under this Agreement and Company's General Electric Service Rate 30 retroactive to the effective date that the Customer began receiving service under this agreement to a maximum limit of three (3) years.

8. The Parties agree to delete Section 14 of the Electric Service Agreement as amended in its entirety and substitute the following in lieu thereof:

14. **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 Electric Supply  
400 N Fourth Street  
Bismarck, ND 58501

With Copy To:  
MDU Resources Group Inc.  
Attn: Chief Legal Officer  
1200 W Century Avenue  
Bismarck, ND 58503

To Customer:

Tesoro Refining & Marketing Company LLC  
Attn: Joshua A DorfmueLLer,  
Refinery Manager  
900 Old Red Trail NE  
Mandan, ND 58554

With a copy of legal notices to:  
539 South Main Street  
Findlay, OH 45840  
Attn: Chief Legal Officer

Either Party may change any address referenced above by sending Notice under this Agreement.

9. The Parties agree to delete Exhibit B and Exhibit B-1 (Rate Schedule) of the Electric Service Agreement, as amended, in its entirety and replace it in its entirety with the revised Exhibit B, which are attached hereto.
10. The Parties hereby ratify, adopt and confirm all of the terms and conditions of the Agreement, as amended, except as specifically modified herein as of the Effective Date.
11. 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.

TESORO REFINING & MARKETING COMPANY, LLC

By: John Robertson  
John Robertson (Nov 11, 2024 18:01 CST)

FA  
FA

JLH  
JLH

SS  
SS

Approved as to form.

Title: \_\_\_\_\_

MONTANA-DAKOTA UTILITIES CO

By: Darcy Neigum

Darcy Neigum  
Vice President of Electric Supply

To Heskett  
Power Plant

TL402-6

402-6  
402-6

Refinery Switching  
Substation

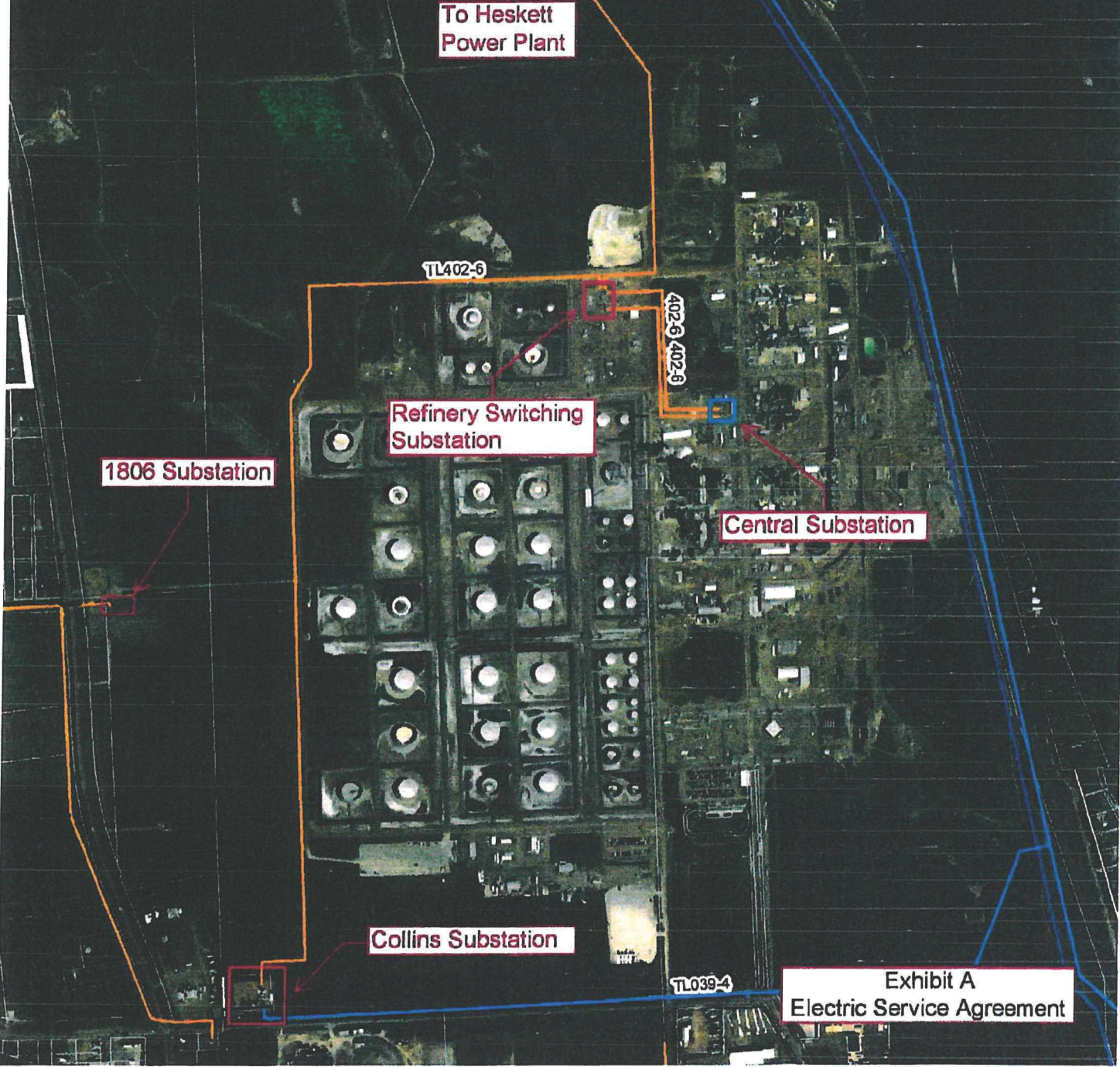
1806 Substation

Central Substation

Collins Substation

TL039-4

Exhibit A  
Electric Service Agreement



**EXHIBIT "B"**

**RATE SCHEDULE**

This Exhibit "B1" is effective **January 1, 2025**.

**BASE RATE:** \$108.03 per month per delivery point  
**DEMAND CHARGE:**  
October – May \$5.74 per kW of Billing Demand  
June – September \$9.04 per kW of Billing Demand

**ENERGY CHARGE PER DELIVERY POINT:**

1st 1,500,000 kWh per month - \$0.02333 per kWh  
Over 1,500,000 kWh per month - \$0.01657 per kWh

**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 or 1,000 kW. 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 130 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.

**Signature:**   
Stuart Smith (Nov 11, 2024 16:27 CST)

**Email:** stuartsmith@marathonpetroleum.com