

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
Electric Service Agreement – Tesoro Refining Amend
Approval**

Case No. PU-24-380

ORDER

March 26, 2025

Preliminary Statement

On December 5, 2024, Montana-Dakota Utilities Co. (MDU) filed an application for approval of Amendment No. 3 Electric Service Agreement (Agreement) between Tesoro Refining & Marketing Company, LLC (Tesoro) and MDU.

On December 30, 2024, the Commission issued a Notice of Opportunity for Hearing (Notice) that provided until February 10, 2025, for receiving written comments and hearing requests. The Notice identified the issue to be considered in the proceeding was whether the Agreement is just and reasonable and should be approved. No response was received.

Discussion

On March 25, 2003, in Case No. PU-399-03-155, MDU requested Commission approval of an electric service agreement with Tesoro. The Commission approved the agreement on April 9, 2003.

In 2007, in Case No. PU-07-197, the Commission approved Amendment No. 1 which expanded the 2003 agreement to include an additional substation at a rate structure that enabled Tesoro to operate its facilities more efficiently and gave the opportunity to serve additional load in the near term.

In 2019, in Case No. PU-18-434, the Commission approved Amendment No. 2 to the 2003 agreement. Amendment No. 2 was developed in compliance with Paragraph 10 of the Settlement Agreement approved by the Commission in MDU's 2016 electric rate case, Case No. PU-16-666, stating that MDU agrees to provide an update to the Commission regarding each contract reflecting a discounted rate. The rate was reviewed and customer meetings were held to reach a renegotiated contract rate.

On November 11, 2024, MDU and Tesoro entered into the Agreement providing for the continued sale of all firm electric power required by Tesoro at a rate less than the otherwise applicable General Electric Service Rate 30 (Rate 30). The Agreement

stipulates that all firm electric power will be served by MDU and Tesoro 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. Consistent with Amendment No. 2, the Agreement provides that Tesoro contract rates are subject to change upon the filing of a general rate case or electric rate rider filing approved by the Commission.

MDU's most recent electric rate case reached a settlement agreement that was approved by the Commission in June of 2023, Case No. PU-22-194. The settlement agreement provided the allocation of revenues resulting in an increase to the Rate 30 by 5.5 percent. Staff analysis showed that an average year would result in an estimated increase of 9.32 percent moving from the currently approved contracted rate to the proposed rate in the Agreement.

Having considered this matter, the Commission finds the Agreement is just and reasonable and should be approved.

Order

The Commission Orders Montana-Dakota Utilities Co.'s Electric Service Agreement Amendment No. 3 with Tesoro Refining & Marketing, LLC filed on November 11, 2024, is approved.

PUBLIC SERVICE COMMISSION

 _____ Sheri Haugen-Hoffart Commissioner	 _____ Randy Christmann Chair	 _____ Jill Kringstad Commissioner
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