



NEWS RELEASE

Thursday, June 20, 2013

Commissioners Kalk, Christmann and Fedorchak

****For Immediate Release****

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MDU Customers to Receive Billing Credit

Customers of Montana Dakota Utilities (MDU) will see an average \$16.48 credit over the next two months beginning with their July electric utility bill. The credit is the result of an earnings sharing agreement MDU reached with the Public Service Commission in their last rate case which was settled in June 2010.

“This is an effective tool to make sure utilities and their investors can realize a fair return but when they have a better year than anticipated, customers also benefit and get a break,” Commissioner Julie Fedorchak, who holds the Commission’s gas and electric portfolio, said. “Striking a balance between fair rates and a fair rate of return is our goal.”

The earnings sharing agreement capped MDU’s return on equity at 10.75 percent and required them to return 50 percent of anything above that threshold to ratepayers. MDU reported that their 2012 return on equity was 13.3 percent resulting in \$3 million excess. Additionally, the company earned \$1 million excess in 2011 that is also included, resulting in a total sum of \$4.02 million being returned to customers.

“As we continue to be in an electricity “build out” cycle in North Dakota, it’s important to find the balance between ensuring regulated utilities have the resources needed to ensure a reliable grid and customers are not asked to pay for more than their fair share,” said Commission Chairman Brian Kalk.

“We will continue to work with utilities and consumers to provide the proper balance between affordability of rates and dependability of service,” Commissioner Randy Christmann said, “A healthy and vibrant energy industry is important to everyone.”

The PSC will continue to work with MDU on a new earnings sharing agreement. The current sharing mechanism expired the end of 2012.

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