

# Memo

To: Commissioners and Illona

Fr: Mike Diller 

Date: March 20, 2008

Re: Montana-Dakota Utilities Co.  
Margin Sharing Adjustment  
Case No. PU-08-118

Montana-Dakota Utilities Co. has requested to change its off-system sales margin sharing adjustment as provided for by commission order, Case No. PU-399-03-296. The Order requires MDU to share its off-system sales margins with customers; 85% going to customers and 15% going to MDU.

MDU's current rate structure assumes that North Dakota ratepayers' share of margins is \$6.5 million per year. However, off-system sales margins fell short of the base amount by \$2,978,337 during 2007.

The provisions for calculating the adjustment are provided for in MDU's Margin Sharing Adjustment Rate 57 tariff. Staff reviewed MDU's filing in this case and believes that the calculated surcharge of .16 cents per kWh conforms to Rate 57. The new rate will be effective beginning April 1, 2008 through March 31, 2009.

The current annual margin sharing credit is .14 cents per kWh approved by the commission in Case No. PU-07-577. As a result of this filing, the adjustment will increase .02 cents per kWh. The monthly electric bill for an average MDU residential customer consuming 750 kWh per month will increase 15 cents.

**Due to the small change, staff recommends the commission take no action. The rate will become effective April 1, 2008.**

MRD