

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
Transmission Facility Cost Recovery  
Rates**

**Case No. PU-11-672**

**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
Transmission Facility Cost Recovery  
Tariff**

**Case No. PU-11-681**

**ORDER**

**May 16, 2012**

On October 21, 2011, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU) filed an application for approval to implement a Transmission Cost Recovery Adjustment pursuant to N.D.C.C. §49-05-04.3. On February 27, 2012 MDU filed an update to the original filing. MDU proposed to recover through the adjustment: (1) Midwest Independent System Operator (MISO) transmission related costs net of revenues allocated to North Dakota retail customers; (2) the North Dakota retail share of revenue requirements for new transmission facilities not currently included in base rates; and (3) Western Area Power Administration (WAPA) transmission costs under the federally regulated WAPA tariff not currently included in base rates. MDU's Application included an initial 2012 rate amount under the adjustment to be included as a separate line item on customers' bills:

		<u>\$/KWh</u>
Res & Small General	(Rates 10, 13, 20 & 25)	0.00035
Large General	(Rates 30, 31, 32, 38, 40, 48)	0.00029
Lighting	(Rates 41 & 52)	0.00020

On February 29, 2012, the Commission issued a Notice of Filing, Notice of Informal Hearing and Notice of Opportunity for Hearing inviting interested persons to comment in writing or request a hearing in writing by March 7, 2012. No comments or requests for hearing were received.

On April 11, 2012, the Commission held an informal hearing to discuss MDU's application. MDU explained that the Transmission Cost Adjustment was proposed to recover new or modified transmission facilities including transmission lines, substations, transformers and other related equipment constructed to improve the power delivery capability or reliability of the transmission system and Federally regulated costs charged to or incurred by the Company to increase regional transmission capacity or reliability that have not previously been made a part of retail rates, as well as an expected increase in transmission charges under the WAPA tariff. The Transmission Adjustment is proposed to be recovered on a Kwh basis from each rate schedule, with the exception of contract accounts, and shown as a separate line item on the bill.

MDU also explained its proposal to submit the expenditures and or investments for Commission approval by December 1 each year for recovery through the Transmission Adjustment which is subject to change on January 1 of each year. In addition to recovery of projected expenses the annual adjustment will include a true up of the over or under recovery of expenditures during the prior year. The expenditures to be recovered through the Transmission Adjustment upon approval in 2012 included expenditures, net of revenues received, through MISO's Schedules 26 and 26A.

Advocacy Staff reiterated that the type of investments and expenditures to be recovered through future Transmission Cost Adjustments are subject to Commission approval. Upon discussion Advocacy Staff clarified at the Informal Hearing and in a memorandum dated April 17, 2012 that MDU would also need a rate adjustment filing prior to including any expenses or revenues from the proposed Ellendale to Big Stone MVP line into the proposed Transmission Rider.

Having considered the entire record in this matter, the Commission finds MDU's proposed Transmission Cost Adjustment Rate 59 complies with N.D.C.C. §49-05-04.3 and should be approved.

Therefore, the Commission issues the following:

### **Order**

The Commission orders:

1. The proposed transmission cost recovery rider and the 2012 rate adjustment comply with N.D.C.C. §49-05-04.3 and MDU's Transmission Cost Adjustment Rate 59 set forth on its NDPSC Volume 4 Original Sheet No. 43 and Original Sheet No. 43.1, is APPROVED.
2. MDU shall submit annual filings to the Commission providing a true-up of actual costs and recovery of expenditures from the prior year.

3. MDU shall submit to the Commission and support any future transmission related investments or expenditures before recovery through the Transmission Cost Adjustment.

**PUBLIC SERVICE COMMISSION**

  
Kevin Cramer  
Commissioner

  
Tony Clark  
Chairman

  
Brian P. Kalk  
Commissioner