

July 24, 2014

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505

Re: Case Nos. PU-14-108 and PU-14-109
Settlement Amendment to Application
for an Electric Generation Resource
Recovery Rider Tariff and Rates

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc. herewith submits the original and seven (7) copies of an Amendment to Settlement Agreement entered into by Montana-Dakota and the Advocacy Staff of the North Dakota Public Service Commission.

Please acknowledge receipt by stamping or initiating the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Garret Senger
Vice President – Regulatory Affairs and
Chief Accounting Officer

Attachment

cc: D. Kuntz
M. Diller

- 38 PU-14-109 Filed 07/25/2014 Pages: 7
Executed Amendment to Settlement Agreement
Montana-Dakota Utilities Co. / Public Service Commission Advocacy Staff
Garret Senger / Mike Diller
- 36 PU-14-108 Filed 07/25/2014 Pages: 7
Executed Amendment to Settlement Agreement
Montana-Dakota Utilities Co. / Public Service Commission Advocacy Staff
Garret Senger / Mike Diller

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
a Division of MDU Resources Group, Inc.
Generation Resource Recovery Rider Tariff**

Case No. PU-14-108

**Montana-Dakota Utilities Co.
a Division of MDU Resources Group, Inc.
Generation Resource Recovery Rider Rates**

Case No. PU-14-109

AMENDMENT TO SETTLEMENT AGREEMENT

This **SETTLEMENT AMENDMENT** is entered into between Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., ("**Montana-Dakota**"), and the Advocacy Staff of the North Dakota Public Service Commission ("**Staff**"), (individually a "**Party**" and collectively the "**Parties**").

WHEREAS, the Parties entered into a Settlement Agreement on May 20, 2014 ("**Settlement**") which would, upon approval by the Public Service Commission ("Commission") resolve all issues in these cases in a manner consistent with the public interest and result in just and reasonable rates for the Company's retail electric operations in North Dakota.

WHEREAS, pursuant to notice issued by the Commission, a hearing on the Settlement Agreement was held before the Commission on May 28, 2014.

WHEREAS, the Commission during a work session on these cases following the hearing, expressed a preference for recovery of the revenue requirement within the residential and small general service classes on a per KWh basis rather than a fixed charge basis.

WHEREAS, the Parties desire to amend the terms of the Settlement as set forth herein,

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree the Settlement shall be amended as follows:

1. Paragraph 5 of the Settlement shall be amended to provide:

Recovery Method. The revenue requirement will be allocated among the customer classes based on the forecasted 12 month coincidental peak allocation factor, excluding the lighting schedules and special contract customers. The lighting schedules are excluded from the increase due to the class producing returns much greater than the overall allowed return coupled with the fact that most lighting services have an associated general service account that will see the increase. The rate adjustment for recovery of the annual revenue requirement within the customer classes will be recovered on an energy basis (per KWh) for the residential and small general service classes. The rate adjustment for recovery of the annual revenue requirement for the large general service class is based on peak demand applied on a per Kw basis.

2. Attachment A and Page 2 of Attachment B of the Settlement shall be amended in the manner of the Attachment A and Page 2 of Attachment B hereto.

3. All other terms of the Settlement shall remain effective and unchanged.

Dated this 24th day of July 2014.

**Montana-Dakota Utilities Co., a Division
of MDU Resources Group, Inc.**

By: Garret Senger
Vice President- Regulatory Affairs &
CAO

Dated this 25th day of July 2014.

**North Dakota Public Service
Commission Advocacy Staff**

By: Mr. Diller
Director of Economic Regulation

**Amended
Attachment A**

**Amended
Attachment A**



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 40

Generation Resource Recovery Rider Rate 56

Page 1 of 2

1. Applicability:

This rate schedule represents a Generation Resource Recovery Rider (GRRR) and specifies the procedure to be utilized to recover the jurisdictional costs associated with generation resource additions approved by the Commission but not recovered through retail rates. Costs to be recovered may include operations and maintenance expenditures, depreciation, taxes, and a current return on the project costs during construction. Costs being recovered under this tariff are currently not included in the rates established at the time of the Company's last general rate case.

2. Generation Resource Recovery Rider:

- a. The North Dakota jurisdictional GRRR revenue requirement will be allocated to the customer classes based on the forecasted 12 month coincidental peak allocation factor for each class. The adjustment applied to the Residential and Small General Service Classes will be calculated based on the customer class revenue requirement and the forecasted Kwh for the forecasted period. The adjustment applied to the Large General Service Class will be calculated based on the customer class revenue requirement and the forecasted demand for the forecasted period and expressed as a KW charge. The return component of the revenue requirement calculation will be the authorized rate of return from the Company's most recent general rate case.
- b. The GRRR is applicable to all retail customers for electric energy sold, except those served under lighting schedules and special contracts, and are allocated amongst the rate classes based on the an applicable demand factor.
- c. The GRRR will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the GRRR based on actual expenditures from the preceding twelve month recovery period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

Date Filed: July 24, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-14-108 & PU-14-109



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 40.1

Generation Resource Recovery Rider Rate 56

Page 2 of 2

3. Time and Manner of the Filing:

Montana-Dakota shall file the GRRR at least 60 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised GRRR tariff sheet identifying the amounts of the adjustment, the derivation of the GRRR and the resulting GRRR by class.

4. Generation Resource Recovery Rider:

Residential	0.000¢ per Kwh
Small General	0.000¢ per Kwh
Large General	0.000¢ per KW

Date Filed: July 24, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-14-108 & PU-14-109

**Montana-Dakota Utilities Co.
 Electric Utility - North Dakota
 Generation Resource Recover Rider
 Heskett III without Pipeline
 Revised Settlement Rate Design**

	Embedded Class COS Study Factor No. 2	1/ North Dakota Projected 2014 Generation Costs 2/	Determinant	Charge
Residential (Rates 10 & 13)	44.903633%	\$2,366,425	784,995,496	\$0.00301 per Kwh
Small General (Rates 20 & 25)	7.191273%	\$378,981	159,406,759	\$0.00238 per Kwh
Large General (Rates 30, 31, 32, 38, 40, 48)	47.905094%	2,524,602	3,188,261	\$0.79 per KW
	<u>100.000000%</u>	<u>\$5,270,008</u>		

1/ Projected 2014 Class demand allocation based on 12 CP.

2/ Total Revenue Requirement

\$5,270,008

	12-CP Factor 2 Projected 2014	
Residential Rate 10	165,090	44.903633%
Small General Rate 20	26,360	7.169785%
Irrigation Rate 25	79	0.021488%
Large General Primary Rate 30	24,401	6.636947%
Large General Secondary Rate 30	129,517	35.227959%
TOD Large General Rate 31	1,689	0.459399%
Space Heating Rate 32	8,682	2.361459%
Small Municipal Rate 40	701	0.190668%
Municipal Lighting Primary Rate 41	0	0.000000%
Municipal Lighting Secondary Rate 41	0	0.000000%
Municipal Pumping Secondary Rate 48	3,620	0.984621%
Municipal Pumping Primary Rate 48	1,760	0.478711%
Outdoor Lighting Rate 52	0	0.000000%
Interruptible Power Rate 39	0	0.000000%
Interruptible Demand Response Rate 38	5,755	1.565330%
	<u>367,654</u>	<u>100.000000%</u>