

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

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

**Case No. PU-14-109**

**ORDER  
January 7, 2015**

On February 27, 2014 Montana-Dakota Utilities Co. (MDU) filed to implement a generation resource cost recovery rider tariff under North Dakota Century Code section 49-05-05 to recover costs associated with its new 88 MW simple cycle combustion turbine generator known as Heskett III located at Mandan, North Dakota.

On August 20, 2014 the Commission approved a Settlement Agreement approving a rider but delaying cost recovery of the new generator under the rider until MDU's earnings became insufficient to cover the additional revenue requirement.

On November 14, 2014 MDU filed a request to implement the rate adjustments necessary to recover the additional costs of Heskett III to be effective January 1, 2015. On November 20, 2014 the Commission issued a Notice of Opportunity for Hearing, which provided until December 24, 2014 for receiving written comments and hearing requests. No response has been received. The notice identified the issue to be considered is whether the proposed generation resource cost recovery rider should be approved.

On December 17, 2014 the Commission discussed this matter with MDU and Commission staff at an informal hearing. For the year ending 2015, MDU estimates it will earn 7.39% return on stockholder equity absent this generation cost rider and 8.20% return on stockholder equity with the rider. During the discussions, MDU agreed to refund 50% of any 2014 or 2015 earnings in excess of 10.75% return on equity. If the rider is approved, the proposed increase in customer rates would be:

Residential	Rates 10 & 13	0.283 cents / Kwh
Small General	Rates 20 & 25	0.223 cents / Kwh
Large General	Rates 30, 31, 32, 38, 40 & 48	75 cents / KW

Having considered this matter the Commission finds MDU's proposed generation resource cost recovery rider should be approved.

**Order**

The Commission Orders:


1. MDU's proposed generation resource cost recovery rider is approved.

2. MDU's agreement to share 50% of any 2014 and 2015 earnings in excess of a 10.75% Return on Equity is approved.

**PUBLIC SERVICE COMMISSION**

  
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**Randy Christmann**  
Commissioner

  
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**Julie Fedorchak**  
Chairman

  
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**Brian P. Kalk**  
Commissioner