



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

April 10, 2015

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case Nos. PU-15-____
Application for Approval of the Annual
Update to the Environmental Cost
Recovery Rider Rate 57

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval an original and (7) copies of the Company's Application to update the Environmental Cost Recovery Rider (ECRR) Rate 57 rates to reflect projected costs associated with required environmental projects through June 2016. Montana-Dakota requests approval of Environmental Cost Recovery Rider Rate 57 4th Revised Sheet Nos. 41 and 41.1 and Original Sheet No. 41.2, provided herein as Exhibit 1, to be effective with service rendered on and after July 1, 2015. The proposed tariff sheets provided herein reflect both the change in the ECRR rates as well as the Company's request to revise Rate 57 to include the recovery of reagent and emission control costs, pursuant to the provisions of North Dakota Century Code 49-05-04.2.

The Company's 2015 ECRR Application includes:

- Updated project costs associated with the Company's:
 - Air Quality Control System (AQCS) project at the Big Stone Generating Station and the
 - Mercury and Air Toxic Standards (MATS) project at the Lewis & Clark Generating Station
- Montana-Dakota's request to revise Rate 57 to allow the recovery of reagent expenses associated with the new emission control equipment being installed at two of the Company's jointly owned generating facilities (Big Stone and Coyote). No reagent or emission control costs are included in this immediate application due to the administration of the proposed revision to include historical costs in

the ECRR rates. Montana-Dakota will provide the actual cost data in a separate submittal and proposes to initiate recovery of those costs starting July 1, 2015.

The total allocated cost to be recovered through the proposed ECRR rates, as shown in Exhibit 2, is \$8,055,732 of which \$6,975,995 is the projected Big Stone AQCS revenue requirement and \$800,585 is the projected Lewis and Clark MATS revenue requirement through June 2016. An under recovery of the current period's costs of \$279,152, as shown in Exhibit 2, is also included. A typical residential customer using 894 Kwh would see a decrease of \$0.60 per month under the proposed ECRR rate. The ECRR rates per Kwh as proposed, with the change from the current ECRRs implemented July 1, 2014, are shown in the table below:

	<u>Proposed \$/Kwh</u>	<u>Current \$/Kwh</u>	<u>Change</u>
Residential and Small General	\$0.00396	\$0.00463	(\$0.00067)
Large General	\$0.00323	\$0.00386	(\$0.00063)
Lighting	\$0.00255	\$0.00280	(\$0.00025)

Please refer all inquiries regarding this filing to:

Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

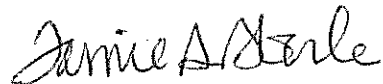
Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota herewith submits a check for \$10,000 in accordance with North Dakota Century Code Section 49-05-04.2(2)d and respectfully requests the Commission reduce the required \$100,000 filing fee pursuant to N.D.C.C § 49-05-04-3.2.d which states the North Dakota Public Service Commission may waive or reduce the fee.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments

cc: Daniel S. Kuntz
Garret Senger

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc.)
for Approval to Update and Revise its) Case No. PU-15-_____
Environmental Cost Recovery Rider)
Rate 57 Tariff)

I. Summary of Application

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota or Applicant), herewith submits this Application to: (1) update its Environmental Cost Recovery Rider (ECRR) rates, in accordance with Paragraph 2c of the Company's Rate 57 tariff, to reflect projected costs through June 2016 for both the Company's AQCS project at the Big Stone Generating Station and the MATS project at the Lewis & Clark Generating Station and (2) revise the Company's Rate 57 tariff to include the recovery of reagent and emission control costs, pursuant to North Dakota Century Code 49-05-04.2(c). Montana-Dakota requests approval of its Environmental Cost Recovery Rider Rate 57 tariff, 4th Revised Sheet Nos. 41 and 41.1 and Original Sheet No. 41.2 to be effective with service rendered on and after July 1, 2015. In support of this application, Montana-Dakota is providing the following exhibits:

- Exhibit 1 – Environmental Cost Recovery Rider Rate 57 4th Revised Sheet Nos. 41 and 41.1 and Original Sheet No. 41.2
- Exhibit 2 – Environmental Cost Recovery Rider
- Exhibit 3 – ECRR Balancing Account
- Exhibit 4 – AQCS Project's Actual Revenue Requirement for January 2013 through February 2014- Revised
- Exhibit 5 – AQCS Project's Actual Revenue Requirement for March 2014 through Projected June 2016
- Exhibit 6 – Schedule of AQCS Project Costs

- Exhibit 7 – Lewis & Clark’s MATS Revenue Requirement for December 2015 through June 2016
- Exhibit 8 – Reagent and Emission Allowance Adjustment Example

II. Description of Applicant

Montana-Dakota is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under NDCC Title 49. Montana-Dakota's Certificate of Incorporation and amendments thereto have been previously filed with the Commission and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein. Montana-Dakota provides electric service to approximately 89,700 customers in North Dakota as of February 2015.

III. Background

On February 11, 2013, Montana-Dakota filed an Environmental Cost Recovery Rider tariff and proposed rates in Case Nos. PU-13-83 and PU-13-85 to recover the allocated jurisdictional costs incurred in complying with federal environmental mandates at the Big Stone generating station. On May 31, 2013, Montana-Dakota filed revisions to its Application. On December 18, 2013, the Commission approved Montana-Dakota's Environmental Cost Recovery Rider tariff and rates and the Company implemented its first ECRR rates effective January 15, 2014.

The Company last updated its ECRR rates July 1, 2014, reflecting projected costs through June 2015 in Case No. PU-14-143. In reviewing the Company's 2014 ECRR rate update request, Mr. Mike Diller noted, in his July 8, 2014 memo, in this case that the Company's revenue requirement calculations contained an error in the tax rate. As the difference was not material enough to warrant a change in the Company's request at that time, Mr. Diller noted "the next update should contain the effective tax rates back to Day 1 of the rider to correct for any differences." As requested, Montana-Dakota corrected the tax rates included in the calculation of the revenue requirements for January 2013 through February 2014, along with an updated ECRR Balancing Account through February 2014, and included those corrections herein as Exhibit 4. The corrections amount to a reduction in the revenue requirement through February 2014 of approximately \$12,000.

In keeping with the tenet of the tariff and recognizing the revenue requirement time period reflected in the current ECRR rates, Montana-Dakota is requesting to: (1) update its ECRR rates to reflect the Company's most recent projected capital costs and related expenses for projects determined to be eligible under N.D.C.C. 49-05-04.2 and (2) revise the Company's Rate 57 tariff to include the recovery of reagent and emission control costs incurred as a result of complying with the Environmental Protection Agency's (EPA) rules as provided for under N.D.C.C 49-05-04.2.

Costs to be recovered include both the actual project costs incurred through February 2015 for the Big Stone AQCS project and the projected capital and related expenses through June 2016 for both the AQCS project and the Lewis & Clark MATS project. While the Company is also requesting to revise its Rate 57 to allow recovery of

reagent and emission control costs through its ECRR rates, no reagent or emission control costs are included in this present application.

IV. AQCS Project and Cost Update

Otter Tail Power Company (Otter Tail) operates the Big Stone power plant ("Big Stone") near Big Stone City, South Dakota. The Big Stone plant is co-owned by NorthWestern Corporation d/b/a NorthWestern Energy, Montana-Dakota, and Otter Tail. The Big Stone AQCS project is described in detail in Case No. PU-11-163, wherein the Commission approved Montana-Dakota's request for an Advanced Determination of Prudence (ADP) for the AQCS project. The project remains on budget and on schedule and is set to be operational in October 2015. The total capital cost estimate for the AQCS project remains unchanged at \$384 million and the project is approximately 90 percent complete.

Montana-Dakota's ownership share in the Big Stone Plant is 22.7 percent, and therefore Montana-Dakota is responsible for 22.7 percent of the costs or \$87 million. Montana-Dakota's North Dakota jurisdictional share of this cost responsibility is approximately 72 percent or \$63 million.

In compliance with the December 18, 2013 Order in Cases No. PU-13-79 and PU-13-83, paragraph 3 which states "Otter Tail Power Company shall coordinate with Montana-Dakota Utilities Co. its Environmental Cost Recovery Rider updates so the same joint costs appear in each company's filing", Exhibit 6, page 1 is a schedule of the total project costs used by both Otter Tail and Montana-Dakota.

Upon commercial operation of the AQCS equipment at Big Stone in October

2015, the plant will require additional expenses related to its ongoing operation and maintenance. While the largest of these ongoing additional costs will be the emission control chemicals and materials, which is more fully explained in Section VI. Variable Reagent and Emission Control Costs, the AQCS' projected revenue requirement for July 1, 2015 through June 30, 2016, included herein with Exhibit 5, includes additional fixed operating and maintenance expenses associated with the AQCS project.

Plant staff is expected to increase by the equivalent of approximately eight full time employees needed to receive the chemical reagents, prepare the chemicals for use, operate and maintain the equipment and haul the ash. The budget amount for Montana-Dakota's North Dakota share of these ongoing operation and maintenance expenses for the time period included in this Application is approximately \$250,000.

Depreciation of the ACQS project will start in November 2015, the month immediately following the October 2015 in service date.

Montana-Dakota is electing to take a 84-month amortization deduction under the Internal Revenue Code Section 169 with respect to the Big Stone AQCS project.

V. Lewis & Clark MATS

The Lewis & Clark Station is an existing single-unit 50 MW lignite-fired facility, located near Sidney, Montana that has been in operation since October 1, 1958.

On June 14, 2013, Montana-Dakota filed with the Commission an Application for an Advanced Determination of Prudence for the Lewis & Clark Station Filterable Particulate Matter Pollution Controls Project in Case No. PU-13-332. The project was required to meet non-mercury metal emission limits in the United States Environmental

Protection Agency's (EPA) final "National Emission Standards for Hazardous Air Pollutants from Coal-and Oil-Fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units" or Mercury and Air Toxics Standards (MATS) Rule, finalized and published in the Federal Register on February 16, 2012 (77 Fed. Reg. 9304), and effective April 16, 2012. Per the MATS Rule requirements, Montana-Dakota must demonstrate compliance at the Lewis & Clark Station commencing on April 16, 2015, with the opportunity for a state approved additional year to install control technologies.

Resource expansion modeling and analyses were performed to explore multiple options in meeting the MATS Rule by April 2015. The results of the modeling, at the time of the ADP application, supported the installation and operation of a fabric filter baghouse system and modifications to existing mist eliminators at the Lewis & Clark Station as compared to the retirement of the plant at the end of the 2014 and a number of natural gas conversion alternatives.

The North Dakota Commission approved Montana-Dakota's ADP Application on October 9, 2013. The projected cost for the MATS Project was \$27.7 million with approximately \$19.7 million being allocated to North Dakota.

Subsequent to the issuance of the ADP, the project cost increased to approximately \$40 million causing Montana-Dakota to reevaluate its initial Lewis & Clark MATS project plan as the initial plan was no longer an economical means of meeting the MATS requirements. Initially, co-firing with natural gas was considered to be a viable option due to pipeline capacity availability that was not available at the time of the

ADP. However, test results under various natural gas/coal supply mixes indicated the natural gas co-fire option would not support MATS compliance. In September of 2014, Montana-Dakota initiated a study with URS Corporation (URS), a consulting group experienced in modifying wet scrubbers similar to the scrubber utilized at the Lewis & Clark Station. Upon evaluation, URS confirmed that re-entrainment of scrubber slurry droplets were the primary source of filterable particulate emissions at the stack, and modifications to the existing scrubber and stack vessels will reduce the filterable particulate matter sufficiently to meet the MATS non-mercury compliance requirements.

On, January 30, 2015 the Montana Department of Environmental Quality issued a 1-year compliance deadline extension for meeting the non-mercury hazardous air pollutant metals standard. To demonstrate compliance with the non-mercury metals standard of the MATS rule, Montana-Dakota intends to use filterable particulate matter (PM) as a surrogate allowed by the MATS rule. The Lewis & Clark MATS project is set to be operational in December 2015 at a projected cost of \$16,178,953. Montana-Dakota's North Dakota jurisdictional share is approximately 72 percent or \$12 million.

Montana-Dakota will also incur additional expenses associated with the MATS project with the majority of these ongoing expenses being the reagent or emission control costs explained in Section VI. Variable Reagent and Emission Control Costs.

Depreciation of the MATS project will start in January 2016, the month immediately following the December 2015 in service date.

Montana-Dakota is electing to take a 60-month amortization deduction under the Internal Revenue Code Section 169 with respect to the Lewis & Clark MATS project.

VI. Variable Reagent and Emission Control Costs

The recovery of reagent expenses incurred, as a result of compliance with the MATS rules as promulgated by the EPA under the Clean Air Act (CAA), is also being sought as part of this Application. Reagents are substances used to process emissions, with the type of reagents used varying depending on the emissions control equipment being installed at a specific generating facility. The necessity of reagents was explained further in the proceedings that resulted in the Advanced Determination of Prudence (ADP) issued by the Commission for the Big Stone AQCS project in Case No. PU-11-163. Reagents include Powdered Activated Carbon, Pebble Lime, Calcium Bromide and Anhydrous Ammonia. Powdered Activated Carbon and Calcium Bromide are used in the reduction of mercury emissions. Pebble Lime and Hydrated Lime are used for the reduction in sulfur dioxide (SO_x) emissions, and Anhydrous Ammonia is used for the reduction of nitrogen dioxide (NO₂).

At this time, the Company is seeking to include the recovery of reagent expenses associated with the emissions control equipment at Montana-Dakota's generating facilities. Some of these reagent expenses are new costs to Montana-Dakota and the incurrence of these costs will phase in over time and are subject to fluctuations due to competing market demands as well as fuel and transportation costs consumed during delivery of the product. The Company's request to include the recovery of these expenses is consistent with the Commission's Order issued in Case No. PU-14-668 in response to Otter Tail Power's Application to recover such costs.

Pebble lime, activated carbon, and anhydrous ammonia will be utilized for the new emissions control equipment being installed at Big Stone.

New equipment installed at the Coyote Station will consume powdered activated carbon for the reduction of mercury emissions.

Powdered activated carbon and calcium bromide are used as the reagents for mercury control under MATS at Lewis and Clark.

As provided in the proposed Rate 57 tariff provided in Exhibit 1, the Company proposes to recover the variable reagent expenses on a per Kwh basis. In accordance with the Commission's Order issued in Otter Tail's Case No. PU-11-163, Montana-Dakota proposes to include the reagent cost as part of the ECRR charge subject to change on a monthly basis. Consistent with the fuel and purchased power adjustment clause, the Reagents and Emission Allowance Adjustment shall reflect the sum of the applicable reagent and emission allowance costs, for the most recent four month period, as allocated to North Dakota. The Company shall file a monthly statement showing the calculation of the Reagent and Emission Allowance Adjustment with the Commission prior to implementing the monthly adjustment concurrently with the Fuel and Purchased Power Adjustment. The adjustment in rates shall be effective with service rendered on and after the first day of each month, unless the Commission shall otherwise order.

An example of the Reagents and Emission Allowance Adjustment is provided in Exhibit 8. Montana-Dakota will submit a determination of costs in a separate submittal.

VII. Calculation of the Proposed ECRR Rates

The following exhibits are included herein in support of the Company's proposed ECRR rates and in accordance with the Company's Rate 57 tariff:

- *Exhibit 2* shows the Proposed ECRR rates and the allocation of the total costs to

each of the rate classes, excluding customers served under special contracts (per Paragraphs 2a and 2b of Rate 57). Total costs to be recovered include the projected ECRR balance remaining as of June 30, 2015 and the projected revenue requirements, for both the Big Stone AQCS project and the Lewis & Clark MATS project, for the time period July 1, 2015 through June 30, 2016. Project costs are then allocated to the rate classes based on the Company's AED Factor No. 2 from the Company's most recent general rate case (PU-10-124) and divided by the forecasted sales for the same time period.

- *Exhibit 3*, page 1 shows the ECRR Balancing Account (per Paragraph 2d of Rate 57) through projected June 2015. *Exhibit 3*, page 2 shows the revised ECRR Balancing Account through February 2014 reflecting the tax correction noted in Case No. PU-14-143 (2014 ECRR Update). As shown in *Exhibit 3*, Montana-Dakota maintains a balancing account where the actual monthly expenses are tracked against the revenue received through the ECRR. Any over or under recovery is assessed a carrying charge at the three month Treasury Bill rate as published monthly by the Federal Reserve Board.
- *Exhibit 4* shows the revised actual monthly revenue requirements related to the AQCS project for the time period January 2013 through February 2014, reflecting the correction in tax rates in Case No. PU-14-143. The correction reduces the revenue requirements for that time period by approximately \$12,000.
- *Exhibit 5* shows the actual monthly revenue requirements related to the AQCS project for the time period March 2014 through projected June 2016.
- *Exhibit 6* shows the schedule of joint Big Stone AQCS project costs for Montana-

Dakota and Otter Tail.

- *Exhibit 7* shows the projected monthly revenue requirements related to the Lewis & Clark MATS project for the time period March 2015 through June 2015.
- *Exhibit 8* is an illustration of the calculations underlying the reagent and emission control cost component of the ECRR rates. The proposed ECRR rates herein do not include any reagent or emission control costs at this time due to the administration of this component to include historical costs.

Exhibits 4 and 5 (through September 2015) include the return on CWIP, at the Company's authorized rate of return as approved in Montana-Dakota's most recent general rate case (PU-10-124), and as provided in Paragraph 2a of the Company's Rate 57 tariff.

VIII. True-Up and Estimated Impact by Customer Class

As shown in Exhibit 2, Montana-Dakota's projected 2016 costs, as allocated to North Dakota, are \$8,055,732 of which \$6,975,995 is the projected Big Stone AQCS revenue requirement and \$800,585 is the projected Lewis and Clark MATS revenue requirement through June 2016. The projected 2016 costs are increased by an estimated under recovery of \$279,152 as of February 28, 2015. A typical residential customer using 894 Kwh would see a decrease of \$0.60 per month under the proposed ECRR rate. Montana-Dakota requests approval of the following ECRR rates per Kwh to be effective July 1, 2015:

	Proposed \$/Kwh	Current \$/Kwh	Change
Residential and Small General	\$0.00396	\$0.00463	(\$0.00067)
Large General	\$0.00323	\$0.00386	(\$0.00063)
Lighting	\$0.00255	\$0.00280	(\$0.00025)

IX. Conclusion

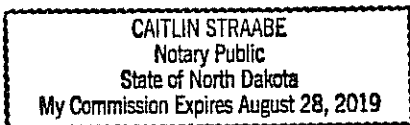
Montana-Dakota respectfully requests that the Commission approve its updated ECRR rates, along with the Company's request to revised Rate 57 to include the recovery of reagent and purchased emission allowance costs, to be effective with service rendered on and after July 1, 2015.

Dated this 10th day of April, 2015.



Tamie A. Aberle
Director of Regulatory Affairs

Subscribed and sworn to before me this 10th day of April, 2015.




Caitlin Straabe, Notary Public
Burleigh County, North Dakota
My Commission Expires: 08/28/2019

Of Counsel:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Exhibit 1



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
4th Revised Sheet No. 41
Canceling 3rd Revised Sheet No. 41

Environmental Cost Recovery Rider Rate 57

Page 1 of 3

1. Applicability:

This rate schedule represents an Environmental Cost Recovery Rider (ECRR) and specifies the procedure to be utilized to recover the jurisdictional costs to be incurred by the Company in complying with federal and state environmental mandates determined to be eligible for recovery under NDCC 49-05-04.2. Costs to be recovered may include capital expenditures and operating costs. 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. Environmental Cost Recovery Rider:

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the ECRR. 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 ECRR is applicable to all retail customers for electric energy sold, except those served under special contracts, and are allocated amongst the rate classes based on the Company's AED Factor No. 2 established in the Company's most recent general rate case.
- c. The ECRR 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 eligible under NDCC 49-05-04.2.
- d. A true-up will reflect any over or under collection of revenue under the ECRR 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.

3. Reagents and Emission Allowance Adjustment:

The monthly Reagents and Emission Allowance Adjustment shall apply to all retail customers for energy sold, except those served under special contracts.

- a. The cost components of the reagents and emission allowance adjustment include the following costs above the costs for such items included in retail rates:

Date Filed: April 10, 2015

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.:



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
4th Revised Sheet No. 41.1
Canceling 3rd Revised Sheet No. 41.1

Environmental Cost Recovery Rider Rate 57

Page 2 of 3

- i. The cost of reagents used for the reduction of emissions at the Company's generating plants to meet Federal Environmental Protection Agency rules and regulations.
- ii. The cost of purchased emission allowances necessary to operate the Company's generating plants in compliance with Federal Environmental Protection Agency rules and regulations.
- iii. Any purchased or allocable emission allowances that are subsequently sold shall be credited to customers through the Reagents and Emission Allowance Adjustment.
- b. The Reagents and Emission Allowance Adjustment shall reflect the sum of the applicable reagent and emission allowance costs outlined in 3 (a) above, for the most recent four month period, as allocated to North Dakota.
- c. The cost per Kwh for the month is the allocated costs from 3 (b) above divided by retail sales volumes for the most recent four month period, plus the annual Surcharge Adjustment.
- d. All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on July 1 each year. The Surcharge Adjustment per Kwh sold shall reflect the amortization of the applicable balance in the Deferred Reagents and Emission Allowance Cost Account calculated by dividing the applicable balance by the estimated Kwh sales for the twelve months following the effective date of the adjustment.
 - i. The balance in the deferred account includes the current month over or under recovery decreased each month by the amount of the Surcharge Adjustment multiplied by the Kwh sales for the month plus carrying charges or credits at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
- e. The Company shall file a monthly statement showing the calculation of the Reagent and Emission Allowance Adjustment with the Commission prior to implementing the monthly adjustment. The adjustment in rates shall be effective with service rendered on and after the first day of each month, unless the Commission shall otherwise order.
- f. Montana-Dakota shall file an adjustment to reflect changes in its average cost of reagent and emissions allowance only when the amount of change in such adjustment is at least .001 cents per Kwh. The adjustment to be effective July 1 shall be filed each year, regardless of the amount of the change.

Date Filed: April 10, 2015

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.:



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. 41.2

Environmental Cost Recovery Rider Rate 57

Page 3 of 3

g. Applicable Reagent and Emission Allowance Adjustment:

x.xxx¢ per Kwh

4. Time and Manner of the Filing:

Montana-Dakota shall file the annual ECRR at least 30 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised ECRR tariff sheet identifying the amounts of the adjustment, the derivation of the ECRR and the resulting ECRR by class.

5. Environmental Cost Recovery Rider:

Residential and Small General	0.396¢ per Kwh
Large General	0.323¢ per Kwh
Lighting	0.255¢ per Kwh

Date Filed: April 10, 2015

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.:

Tariffs Reflecting Proposed Changes



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
3rd Revised Sheet No. 41
Canceling 2nd Revised Sheet No. 41

Environmental Cost Recovery Rider Rate 57

Page 1 of 2

1. **Applicability:**

This rate schedule represents an Environmental Cost Recovery Rider (ECRR) and specifies the procedure to be utilized to recover the jurisdictional costs to be incurred by the Company in complying with federal and state environmental mandates determined to be eligible for recovery under NDCC 49-05-04.2. ~~Costs to be recovered may include capital expenditures, depreciation, taxes, and a current return on the project costs during construction and operating costs.~~ 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. **Environmental Cost Recovery Rider:**

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the ECRR. 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 ECRR is applicable to all retail customers for electric energy sold, except those served under special contracts, and are allocated amongst the rate classes based on the Company's AED Factor No. 2 established in the Company's most recent general rate case.
- c. The ECRR 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 eligible under NDCC 49-05-04.2.
- d. A true-up will reflect any over or under collection of revenue under the ECRR 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.

3. **Reagents and Emission Allowance Adjustment:**

The monthly Reagents and Emission Allowance Adjustment shall apply to all retail customers for energy sold, except those served under special contracts.
a. The cost components of the reagents and emission allowance adjustment include the following costs above the costs for such items included in retail rates:

Date Filed: May 31, 2013

Effective Date: Service rendered on and
after January 15, 2014

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-13-83 & PU-13-85



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
3rd Revised Sheet No. 41.1
Canceling 2nd Revised Sheet No. 41.1

Environmental Cost Recovery Rider Rate 57

Page 2 of 2

- i. The cost of reagents used for the reduction of emissions at the Company's generating plants to meet Federal Environmental Protection Agency rules and regulations.
- ii. The cost of purchased emission allowances necessary to operate the Company's generating plants in compliance with Federal Environmental Protection Agency rules and regulations.
- iii. Any purchased or allocable emission allowances that are subsequently sold shall be credited to customers through the Reagents and Emission Allowance Adjustment.
- b. The Reagents and Emission Allowance Adjustment shall reflect the sum of the applicable reagent and emission allowance costs outlined in 3 (a) above, for the most recent four month period, as allocated to North Dakota.
- c. The cost per Kwh for the month is the allocated costs from 3 (b) above divided by retail sales volumes for the most recent four month period, plus the annual Surcharge Adjustment.
- d. All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on July 1 each year. The Surcharge Adjustment per Kwh sold shall reflect the amortization of the applicable balance in the Deferred Reagents and Emission Allowance Cost Account calculated by dividing the applicable balance by the estimated Kwh sales for the twelve months following the effective date of the adjustment.
 - i. The balance in the deferred account includes the current month over or under recovery decreased each month by the amount of the Surcharge Adjustment multiplied by the Kwh sales for the month plus carrying charges or credits at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
- e. The Company shall file a monthly statement showing the calculation of the Reagent and Emission Allowance Adjustment with the Commission prior to implementing the monthly adjustment. The adjustment in rates shall be effective with service rendered on and after the first day of each month, unless the Commission shall otherwise order.
- f. Montana-Dakota shall file an adjustment to reflect changes in its average cost of reagent and emissions allowance only when the amount of change in such adjustment is at least .001 cents per Kwh. The adjustment to be effective July 1 shall be filed each year, regardless of the amount of the change.

Date Filed: May 31, 2013

Effective Date: Service rendered on and
after January 15, 2014

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-13-83 & PU-13-85



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
3rd Revised Sheet No. 41.1
Canceling 2nd Revised Sheet No. 41.1

Environmental Cost Recovery Rider Rate 57

Page 2 of 2

g. Applicable Reagent and Emission Allowance Adjustment:

x.xxx¢ per Kwh

43. Time and Manner of the Filing:

Montana-Dakota shall file the annual ECRR at least 30 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised ECRR tariff sheet identifying the amounts of the adjustment, the derivation of the ECRR and the resulting ECRR by class.

54. Environmental Cost Recovery Rider:

Residential and Small General	0.463396¢ per Kwh
Large General	0.386323¢ per Kwh
Lighting	0.280255¢ per Kwh

Date Filed: April 8, 2014

Effective Date: Service rendered on and
after July 15, 2014

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-14-143

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider
Rate Proposed to be Effective July 2015**

Estimated Balance as of June 30, 2015 1/	\$279,152
Projected Big Stone CWIP Revenue Requirement July 1, 2015 through June 30, 2016 2/	6,975,995
Projected Lewis & Clark MATS Revenue Requirement December 1, 2015 through June 30, 2016 3/	<u>800,585</u>
Total Costs to be Recovered	<u><u>\$8,055,732</u></u>

	Allocated ECRR Costs 4/	Projected Kwh 5/	Proposed ECRR/Kwh
Residential & Small General	\$4,089,069	1,032,767,535	\$0.00396
Large General	3,889,303	1,204,565,872	0.00323
Lighting	77,360	30,355,270	0.00255
	<u>8,055,732</u>	<u>2,267,688,677</u>	

1/ Exhibit 3

2/ Exhibit 5

3/ Exhibit 7

4/ Class demand allocation from Case No. PU-10-124 (Embedded CCOS Factor No. 2):

Residential & Small General	50.759749%	(Rates 10, 13, 20 & 25)
Large General	48.279940%	(Rates 30, 31, 32, 38, 40, 48)
Lighting	0.960311%	(Rates 41 & 52)
	<u>100.000000%</u>	

5/ Projected North Dakota electric sales July 2015 - June 2016, excluding contract sales.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
ECRR Balancing Account
March 2014 through Projected June 2015**

<u>Month</u>	<u>Beginning Balance</u>	<u>Carrying Charge 1/</u>	<u>Monthly Expenses 2/</u>	<u>ECRR Recovery</u>	<u>Ending Balance</u>
February 2014					\$2,079,496
March	\$2,079,496	\$87	332,805	346,558	2,065,830
April	2,065,830	52	345,141	303,427	2,107,596
May	2,107,596	53	359,245	250,578	2,216,316
June	2,216,316	74	369,974	250,484	2,335,880
July	2,335,880	58	393,828	306,337	2,423,429
August	2,423,429	61	410,378	600,609	2,233,259
September	2,233,259	37	426,753	624,825	2,035,224
October	2,035,224	34	443,028	635,362	1,842,924
November	1,842,924	31	456,588	552,795	1,746,748
December	1,746,748	44	471,015	851,187	1,366,620
January 2015	1,366,620	34	492,084	873,827	984,911
February	984,911	25	509,576	744,142	750,370
March - <i>estimated</i>	750,370	19	541,902	742,210	550,081
April - <i>estimated</i>	550,081	14	566,880	678,068	438,907
May - <i>estimated</i>	438,907	11	588,502	672,411	355,009
June - <i>estimated</i>	355,009	9	608,850	684,716	279,152
		<u>643</u>	<u>7,316,549</u>	<u>9,117,536</u>	

1/ Three month Treasury Bill rate as published by the Federal Reserve Board.

2/ Exhibit 5.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
ECRR Balancing Account - REVISED
January 2013 through Projected February 2014**

<u>Month</u>	<u>Beginning Balance</u>	<u>Carrying Charge 1/</u>	<u>Monthly Expenses 2/</u>	<u>ECRR Recovery</u>	<u>Ending Balance</u>
January 2013			\$60,826		\$60,826
February	\$60,826		64,871		125,697
March	125,697		79,806		205,503
April	205,503		84,131		289,634
May	289,634		91,950		381,584
June	381,584		112,198		493,782
July	493,782		137,901		631,683
August	631,683		172,890		804,573
September	804,573		208,128		1,012,701
October	1,012,701		234,319		1,247,020
November	1,247,020		255,661		1,502,681
December	1,502,681		277,961		1,780,642
January 2014	1,780,642		303,132	33,508	2,050,266
February	2,050,266	\$85	315,986	286,841	2,079,496

1/ Three month Treasury Bill rate as published by the Federal Reserve Board.

2/ Exhibit 4 as revised to reflect the North Dakota state tax rate effective January 1, 2013.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Actual Revenue Requirement - REVISED
January 2013 through February 2014

	Total 1/2013-2/2014	Actuals											
		Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	July 2013	Aug 2013				
Rate Base													
Plant Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation		0	0	0	0	0	0	0	0	0	0	0	0
Net Plant in Service		0	0	0	0	0	0	0	0	0	0	0	0
CWIP (Allocated to ND) 1/		5,957,956	6,380,297	7,866,631	8,322,785	9,121,455	11,136,677	13,694,499	17,169,722				
Less: AFUDC (Alloc to ND) 1/		27,817	56,002	86,257	120,705	157,152	198,408	250,416	314,370				
CWIP Authorized to Earn a Return		5,930,139	6,324,295	7,780,374	8,202,080	8,964,303	10,938,269	13,444,083	16,855,352				
Total Plant in Service		5,930,139	6,324,295	7,780,374	8,202,080	8,964,303	10,938,269	13,444,083	16,855,352				
Average Rate Base 2/	\$16,711,166												
Return on Rate Base 3/	\$1,703,203	\$43,171	\$46,041	\$56,641	\$59,711	\$65,260	\$79,631	\$97,873	\$122,707				
Total Expenses		0	0	0	0	0	0	0	0	0	0	0	0
Income before Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	564,030	14,297	15,247	18,757	19,774	21,611	26,370	32,411	40,635				
Taxable income	(564,030)	(14,297)	(15,247)	(18,757)	(19,774)	(21,611)	(26,370)	(32,411)	(40,635)				
Income Taxes 4/	(214,019)	(5,425)	(5,785)	(7,117)	(7,503)	(8,200)	(10,006)	(12,298)	(15,419)				
Operating Income	\$214,019	5,425	5,785	7,117	7,503	8,200	10,006	12,298	15,419				
Revenue Requirement	\$2,399,760	\$60,826	\$64,871	\$79,806	\$84,131	\$91,950	\$112,198	\$137,901	\$172,890				

1/ Allocated on Factor No. 15 Integrated System 12 Month Peak Demand. 71.256990% (2013 Factor)
72.227925% (2014 Factor)

2/ Average Rate Base for January 2013 through February 2014.

3/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost
Long Term Debt	41.084%	6.845%
Short Term Debt	3.199%	2.535%
Preferred Equity	2.380%	4.590%
Common Equity	53.337%	10.750%
	100.000%	8.736%

4/ Tax Rate 37.9445% (Federal Tax Rate = 35%, State Tax Rate = 4.53%)
1- tax rate 62.0555%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Actual Revenue Requirement - REVISED
January 2013 through February 2014

	Actuals					
	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014
Rate Base						
Plant Balance	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	0	0	0	0	0	0
Net Plant in Service	0	0	0	0	0	0
CWIP (Allocated to ND) 1/	20,685,281	23,317,477	25,458,912	27,748,737	30,316,280	31,569,564
Less: AFUDC (Alloc to ND)	394,552	473,260	533,987	649,893	763,565	763,565
CWIP Authorized to Earn a Ret	20,290,729	22,844,217	24,924,925	27,098,844	29,552,715	30,805,999
Total Plant in Service	20,290,729	22,844,217	24,924,925	27,098,844	29,552,715	30,805,999
Average Rate Base 2/						
Return on Rate Base 3/	\$147,717	\$166,306	\$181,453	\$197,280	\$215,144	\$224,268
Total Expenses	0	0	0	0	0	0
Income before Taxes	0	0	0	0	0	0
Interest Expense	48,918	55,074	60,090	65,331	71,247	74,268
Taxable income	(48,918)	(55,074)	(60,090)	(65,331)	(71,247)	(74,268)
Income Taxes 4/	(18,562)	(20,898)	(22,801)	(24,790)	(27,034)	(28,181)
Operating Income	18,562	20,898	22,801	24,790	27,034	28,181
Revenue Requirement	\$208,128	\$234,319	\$255,661	\$277,961	\$303,132	\$315,986

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Actual Revenue Requirement
March 2014 through Projected June 2015

	Total 3/2014-6/2015	Actuals												
		Mar 2014	Apr 2014	May 2014	June 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014			
Rate Base		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plant Balance		0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
Net Plant in Service		0	0	0	0	0	0	0	0	0	0	0	0	0
CWIP (Allocated to ND)		32,445,756	33,648,352	35,023,418	36,069,221	36,394,948	40,008,443	41,604,783	43,191,348					
CWIP Authorized to Earn a Return		32,445,756	33,648,352	35,023,418	36,069,221	36,394,948	40,008,443	41,604,783	43,191,348					
Total Plant in Service		32,445,756	33,648,352	35,023,418	36,069,221	38,394,948	40,008,443	41,604,783	43,191,348					
Average Rate Base 1/	\$44,581,334													
Return on Rate Base 2/	5,192,832	236,205	244,960	254,970	262,584	279,515	291,261	302,883	314,433					
Total Expenses		0	0	0	0	0	0	0	0					
Income before Taxes	0	0	0	0	0	0	0	0	0					
Interest Expense	1,719,651	78,221	81,121	84,436	86,957	92,564	96,454	100,302	104,127					
Taxable Income	(1,719,651)	(78,221)	(81,121)	(84,436)	(86,957)	(92,564)	(96,454)	(100,302)	(104,127)					
Income Taxes 3/	(652,511)	(29,681)	(30,781)	(32,039)	(32,995)	(35,123)	(36,599)	(38,059)	(39,510)					
Operating Income	\$652,511	29,681	30,781	32,039	32,995	35,123	36,599	38,059	39,510					
Revenue Requirement	\$7,316,549	\$332,805	\$345,141	\$359,245	\$369,974	\$393,828	\$410,378	\$426,753	\$443,028					

1/ Average Rate Base for March 2014 through Projected June 2015.

2/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost
Long Term Debt	41.084%	6.845%
Short Term Debt	3.199%	2.535%
Preferred Equity	2.380%	4.590%
Common Equity	53.337%	10.750%
	100.000%	8.736%

3/ Tax Rate 37.9445% (Federal Tax Rate = 35%, State Tax Rate = 4.53%)

1- tax rate 62.0555%

2.893%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Projected Revenue Requirement
July 2015 through June 2016

	Total 7/2015-6/2016	Projected					
		July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
Rate Base							
Plant Balance		\$0	\$0	\$0	\$63,820,838	\$64,216,176	\$65,293,146
Accumulated Depreciation		0	0	0	0	146,256	293,418
Net Plant in Service		0	0	0	63,820,838	64,069,920	64,999,728
CWIP (Allocated to ND)		60,220,360	60,953,673	61,685,593			
Accum. Def. Income Taxes					8,792,356	8,928,993	9,068,205
Total Plant in Service		60,220,360	60,953,673	61,685,593	55,028,482	55,140,927	55,931,523
Average Rate Base 1/	\$56,675,017						
Return on Rate Base 2/	4,951,129	438,404	443,743	449,071	400,607	401,426	407,181
Expenses							
Operating Expenses					19,601	19,601	19,601
O&M						146,256	147,162
Depreciation 3/							
Taxes Other Than Income							
Total Expenses		0	0	0	19,601	165,857	166,763
Income before Taxes	0	0	0	0	0	0	0
Interest Expense	1,639,609	145,181	146,949	148,714	132,664	132,936	134,842
Taxable income	(1,639,609)	(145,181)	(146,949)	(148,714)	(132,664)	(132,936)	(134,842)
Income Taxes 4/	(622,141)	(55,088)	(55,759)	(56,429)	(50,339)	(50,442)	(51,165)
Operating Income	\$622,141	\$55,088	\$55,759	\$56,429	\$50,339	\$50,442	\$51,165
Revenue Requirement	\$6,975,995	\$617,699	\$625,221	\$632,727	\$564,443	\$565,597	\$573,706

1/ Average rate base balance for July 2015 through June 2016.

2/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost
Long Term Debt	41.084%	6.845%
Short Term Debt	3.199%	2.535%
Preferred Equity	2.380%	4.590%
Common Equity	53.337%	10.750%
	100.000%	8.736%

3/ Annual depreciation rate = 2.75%

4/ Tax Rate 37.9445% (Federal Tax Rate = 35%, State Tax Rate = 4.53%)

1- tax rate 62.0555%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Projected Revenue Requirement
July 2015 through June 2016

	Projected					
	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
Rate Base						
Plant Balance	\$65,360,835	\$65,370,161	\$65,367,068	\$65,443,318	\$65,473,681	\$65,476,511
Accumulated Depreciation	443,048	592,833	742,640	892,440	1,042,414	1,192,458
Net Plant in Service	64,917,787	64,777,328	64,624,428	64,550,878	64,431,267	64,284,053
CWIP (Allocated to ND)						
Accum. Def. Income Taxes	9,165,169	9,262,100	9,359,014	9,456,138	9,553,277	9,650,398
Total Plant in Service	55,752,618	55,515,228	55,265,414	55,094,740	54,877,990	54,633,655
Average Rate Base 1/						
Return on Rate Base 2/	405,879	404,151	402,332	401,090	399,512	397,733
Expenses						
Operating Expenses						
O&M	20,189	20,189	20,189	20,189	20,189	20,189
Depreciation 3/	149,630	149,785	149,807	149,800	149,974	150,044
Taxes Other Than Income						
Total Expenses	169,819	169,974	169,996	169,989	170,163	170,233
Income before Taxes	0	0	0	0	0	0
Interest Expense	134,410	133,838	133,236	132,824	132,302	131,713
Taxable income	(134,410)	(133,838)	(133,236)	(132,824)	(132,302)	(131,713)
Income Taxes 4/	(51,001)	(50,784)	(50,556)	(50,399)	(50,201)	(49,978)
Operating Income	\$51,001	\$50,784	\$50,556	\$50,399	\$50,201	\$49,978
Revenue Requirement	\$571,872	\$569,437	\$566,873	\$565,125	\$562,901	\$560,394

Big Stone AQCS Project 104357 Summary Cost Report - For Month Ended 1/31/2015

Jan. Feb. March April May June July Aug. Sept. Oct. Nov. Dec. Yearly Totals

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Actuals	\$ -	\$ -	\$ -	\$ 63,141	\$ 28,086	\$ 561,568	\$ 67,317	\$ 137,901	\$ 161,259	\$ 284,023	\$ 59,025	\$ 69,335	\$ 1,431,685
Cumulative Actual	\$ -	\$ -	\$ -	\$ 63,141	\$ 91,227	\$ 652,815	\$ 720,132	\$ 858,033	\$ 1,019,292	\$ 1,303,315	\$ 1,362,350	\$ 1,431,685	\$ 1,431,685

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Actuals	\$ 7,731	\$ 36,511	\$ 37,512	\$ 126,056	\$ 241,078	\$ 318,353	\$ 315,201	\$ 245,209	\$ 333,662	\$ 343,605	\$ 379,290	\$ 453,285	\$ 2,837,493
Cumulative Actual	\$ 1,439,415	\$ 1,475,926	\$ 1,513,438	\$ 1,639,494	\$ 1,880,572	\$ 2,198,925	\$ 2,514,126	\$ 2,759,335	\$ 3,092,997	\$ 3,436,603	\$ 3,815,893	\$ 4,269,178	\$ 2,837,493

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Actuals	\$ 294,915	\$ 495,887	\$ 1,406,276	\$ 1,660,907	\$ 3,998,095	\$ 3,941,458	\$ 2,758,119	\$ 1,092,418	\$ 1,340,939	\$ 6,081,686	\$ 1,651,054	\$ 3,632,098	\$ 28,353,850
Cumulative Actual	\$ 4,564,093	\$ 5,059,980	\$ 6,466,256	\$ 8,127,162	\$ 12,125,257	\$ 16,066,715	\$ 18,824,833	\$ 19,917,251	\$ 21,258,190	\$ 27,339,876	\$ 28,990,930	\$ 32,623,026	\$ 28,353,850

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Actuals	\$ 619,545	\$ 2,452,373	\$ 8,755,767	\$ 2,497,186	\$ 4,465,330.38	\$ 11,326,502	\$ 14,370,444	\$ 19,549,151	\$ 12,566,513	\$ 15,073,982	\$ 15,435,691	\$ 13,027,140	\$ 120,139,625
Cumulative Actual	\$ 33,242,573	\$ 35,694,946	\$ 44,450,713	\$ 46,947,899	\$ 51,413,230	\$ 62,739,732	\$ 77,110,176	\$ 96,659,327	\$ 109,225,839	\$ 124,299,822	\$ 139,735,513	\$ 152,762,653	\$ 120,139,625

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Actuals/Forecasts	\$ 11,807,632	\$ 10,627,404	\$ 9,243,044	\$ 7,527,757	\$ 6,103,836	\$ 10,273,771	\$ 9,481,209	\$ 8,635,508	\$ 9,348,827	\$ 9,167,669	\$ 8,888,173	\$ 8,283,603	\$ 111,388,652
Cumulative Actuals/Forecasts	\$ 164,570,485	\$ 175,197,889	\$ 184,440,933	\$ 191,968,690	\$ 200,072,526	\$ 210,346,297	\$ 219,827,506	\$ 228,463,014	\$ 237,811,840	\$ 246,979,529	\$ 255,867,702	\$ 264,151,305	\$ 111,388,652

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Budget	\$ 10,341,465	\$ 15,689,071	\$ 14,546,765	\$ 13,390,694	\$ 12,833,562	\$ 10,371,436	\$ 5,246,822	\$ 5,233,197	\$ 4,403,818	\$ 11,138,868	\$ 1,897,441	\$ 1,555,862	\$ 106,649,319
Monthly Forecasts	\$ 12,742,158	\$ 10,380,953	\$ 19,230,992	\$ 14,857,711	\$ 12,862,411	\$ 12,105,124	\$ 5,263,411	\$ 4,474,528	\$ 4,466,029	\$ 13,028,841	\$ 2,412,269	\$ 6,571,459	\$ 118,395,886
Cumulative Forecasts	\$ 276,893,463	\$ 287,274,415	\$ 306,505,408	\$ 321,363,120	\$ 334,225,531	\$ 346,330,654	\$ 351,594,065	\$ 356,069,593	\$ 360,534,622	\$ 373,563,463	\$ 375,975,732	\$ 382,547,190	\$ 106,649,319

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Budget	\$ 391,722	\$ 70,054	\$ (6,008)	\$ 454,757	\$ 174,757	\$ 6,757	\$ 6,757	\$ 6,757	\$ 6,757	\$ 65,863	\$ 17,957	\$ 6,757	\$ 1,202,865
Monthly Forecasts	\$ 413,021	\$ 56,909	\$ (18,873)	\$ 465,267	\$ 185,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 76,845	\$ 28,467	\$ 17,267	\$ 1,293,237
Cumulative Forecasts	\$ 382,960,211	\$ 383,017,119	\$ 382,998,246	\$ 383,463,513	\$ 383,648,780	\$ 383,666,047	\$ 383,683,314	\$ 383,711,848	\$ 383,794,653	\$ 383,823,160	\$ 383,840,427	\$ 383,840,427	\$ 1,202,865

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Totals
Monthly Budget	\$ 6,757	\$ 80,586								\$ 269,149			\$ 356,492
Monthly Forecasts	\$ 22,880	\$ 73,829								\$ 262,854			\$ 359,573
Cumulative Forecasts	\$ 383,663,307	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 383,937,136	\$ 384,200,000	\$ 384,200,000	\$ 384,200,000	\$ 384,200,000

Total AQCS Project

: Denotes actual expenditures

Budget Total
Forecast Total

\$ 384,200,000
\$ 384,200,000

Montana-Dakota Utilities Co.
Electric Utility
AQCS Plant Investment at Big Stone
Actual Costs through February 2015
Budgeted Costs through June 2016

	<u>Total Net Cumulative Budget 1/</u>	<u>MDU's Allocated Share (22.7%)</u>	<u>ND's Allocated Share 72.196505%</u>	<u>Increase</u>	<u>Montana- Dakota</u>	<u>North Dakota</u>
April 2013					\$11,679,956	\$8,202,080
May					12,800,786	8,964,303
June					15,628,891	10,938,269
July					19,218,464	13,444,083
August					24,095,492	16,855,352
September					29,029,125	20,290,729
October					32,723,073	22,844,217
November					35,728,301	24,924,925
December					38,941,775	27,098,844
January 2014					41,973,074	29,552,715
February					43,565,138	30,805,999
March					45,887,353	32,445,756
April					47,607,084	33,648,352
May					49,567,908	35,023,418
June					51,508,282	36,069,221
July					54,506,708	38,394,948
August					56,832,739	40,008,443
September					59,092,946	41,604,783
October					61,383,047	43,191,348
November					63,310,761	44,513,411
December					65,324,720	45,919,910
January 2015					68,256,568	47,973,933
February					70,709,655	49,679,266
March	306,505,408	69,576,728	50,231,966	3,151,692		52,830,958
April	321,363,120	72,949,428	52,666,937	2,434,971		55,265,929
May	334,225,531	75,869,196	54,774,908	2,107,971		57,373,900
June	346,330,654	78,617,058	56,758,768	1,983,860		59,357,760
July	351,594,065	79,811,853	57,621,368	862,600		60,220,360
August	356,068,593	80,827,571	58,354,681	733,313		60,953,673
September	360,534,622	81,841,359	59,086,601	731,920		61,685,593
October	373,563,463	84,798,906	61,221,846	2,135,245		63,820,838
November	375,975,732	85,346,491	61,617,184	395,338		64,216,176
December	382,547,190	86,838,212	62,694,154	1,076,970		65,293,146
January 2016	382,960,211	86,931,968	62,761,843	67,689		65,360,835
February	383,017,119	86,944,886	62,771,169	9,326		65,370,161
March	382,998,246	86,940,602	62,768,076	(3,093)		65,367,068
April	383,463,513	87,046,217	62,844,326	76,250		65,443,318
May	383,648,780	87,088,273	62,874,689	30,363		65,473,681
June	383,666,047	87,092,193	62,877,519	2,830		65,476,511

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - Lewis & Clark MATS
Projected Revenue Requirement
December 2015 through June 2016

	Projected							
	12/2015-6/2016	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
Total								
Rate Base								
Plant Balance 1/		\$11,680,639	\$11,680,639	\$11,680,639	\$11,680,639	\$11,680,639	\$11,680,639	\$11,680,639
Accumulated Depreciation			31,830	63,573	95,230	126,800	158,284	189,682
Net Plant in Service		11,680,639	11,648,809	11,617,066	11,585,409	11,553,839	11,522,355	11,490,957
CWIP (Allocated to ND)								
Accum. Def. Income Taxes		316,159	355,962	395,765	435,568	475,371	515,174	554,977
Total Plant in Service		11,364,480	11,292,847	11,221,301	11,149,841	11,078,468	11,007,181	10,935,980
Average Rate Base 2/	\$6,504,175							
Return on Rate Base 3/	\$568,204	\$82,733	\$82,212	\$81,691	\$81,171	\$80,651	\$80,132	\$79,614
Expenses								
Operating Expenses								
O&M								
Depreciation 4/		31,830	31,830	31,743	31,657	31,570	31,484	31,398
Taxes Other Than Income								
Total Expenses		0	31,830	31,743	31,657	31,570	31,484	31,398
Income before Taxes	0	0	0	0	0	0	0	0
Interest Expense	188,165	27,398	27,225	27,053	26,880	26,708	26,536	26,365
Taxable Income	(188,165)	(27,398)	(27,225)	(27,053)	(26,880)	(26,708)	(26,536)	(26,365)
Income Taxes 5/	(71,397)	(10,396)	(10,330)	(10,265)	(10,199)	(10,134)	(10,069)	(10,004)
Operating Income	\$71,397	\$10,396	\$10,330	\$10,265	\$10,199	\$10,134	\$10,069	\$10,004
Revenue Requirement	\$800,585	\$116,568	\$115,835	\$115,100	\$114,369	\$113,635	\$112,904	\$112,174

1/ Allocated on Factor 15 Integrated System 12 Month Peak Demand
Projected Lewis & Clark MATS Project 72.19665%
16,178,953

2/ Average rate base balance for July 2015 through June 2016.

3/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost
Long Term Debt	41.084%	6,845%
Short Term Debt	3.199%	2.535%
Preferred Equity	2.380%	4.590%
Common Equity	53.337%	10.750%
	100.000%	8.736%

4/ Annual depreciation rate = 3.27%

5/ Tax Rate 37.9445%

1- tax rate 62.0555%

MONTANA-DAKOTA UTILITIES CO.
REAGENT AND EMISSION ALLOWANCE ADJUSTMENT - NORTH DAKOTA
JULY 2015

	2015				Total
	February	March	April	May	
Reagent and Emission Allowances					
Account 502 - Lewis & Clark	\$0	\$0	\$0	\$0	\$0
Account 502 - Coyote	0	0	0	0	0
Account 502 - Big Stone	0	0	0	0	0
 Total Reagent and Emission Allowances	 \$0	 \$0	 \$0	 \$0	 \$0
 Kwh Retail Sales	 -	 -	 -	 -	 -

	Allocation to 1/	
	Total	North Dakota
Reagent and Emission Allowances		
Account 502 - Lewis & Clark	\$0	\$0
Account 502 - Coyote	0	0
Account 502 - Big Stone	0	0
 Total Reagent and Emission Allowances	 \$0	 \$0
 Less: Amount Included in ND Base Rates 2/		0
 Reagent and Emission Allowances		 \$0
 Kwh Retail Sales	 -	 -
 Cost Per Kwh		 \$0.00000

1/ Allocated on Kwh sales - North Dakota Allocation Percent - 0.00%

2/ Reflects reagent and emission allowances recovered in base rates - Case No. PU10-124.