

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

**Montana-Dakota Utilities Co., a Division  
of MDU Resources Group, Inc.  
Annual Update to Environmental Cost  
Recovery Rider  
Tariff**

**Case No. PU-15-143**

**Order on Environmental Cost Recovery Rider Update and Tariff Revision  
June 17, 2015**

**Preliminary Statement**

On April 10, 2015, Montana-Dakota Utilities Co. (MDU) filed a request to update its Environmental Cost Recovery Rider (ECRR) for costs projected through June 2016, plus any cost recovery shortfalls from the last rider, resulting in a proposed .396 cent per Kwh surcharge on residential and small general customers' bills.

On April 29, 2015, the Commission issued a Notice of Opportunity for Hearing, allowing until for comments or requests for hearing. The Notice stated that the issues to be considered are whether the proposed rate adjustment complies with the existing tariff and whether the proposed tariff provisions allowing reagents and emission allowances is reasonable and prudent. No comments or requests for hearing were received.

The proposed ECRR includes costs associated with the continued development of the Air Quality Control System (AQCS) at Big Stone Plant. The project is expected to be operational in October 2015.

The proposed ECRR also includes revenue requirements associated with MDU's Lewis & Clark upgrades to comply with the Mercury and Air Toxic Standards (MATS) rule. The project is expected to be operational by December 2015.

In addition to the annual rider update, MDU requests tariff changes allowing it to recover reagents and emission allowance costs as a result of the AQCS, the Lewis & Clark and Coyote Station MATS upgrades. The proposed tariff expands the definition of costs to be recovered and provides a mechanism and process for cost recovery. MDU does not seek recovery for these costs at this time and intends to provide a separate filing in the future.

The proposed adjustments to the rider are in accordance with the existing tariff.



The tariff revision should be considered in conjunction with the eventual proposed rate recovery after giving consideration to existing earnings levels.


**Order**

The Commission Orders:

1. The proposed rider is APPROVED.
2. The proposed tariff revisions are DENIED.

**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