

PU15703

MONTANA-DAKOTA UTILITIES CO.

Renewable Resource Cost Adjustment
Informal Hearing Case No. PU-15-703

NORTH DAKOTA PUBLIC SERVICE COMMISSION

December 16, 2015



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Renewable Resource Cost Adjustment Rate 55

- Renewable Rider proposed to recover the investment in renewable resources. Rates also proposed to recover the investment in the Thunder Spirit Wind Project.
- Tariff provides for recovery of costs for renewable generation resource modification or additions approved by the Commission but not included in retail rates.

Thunder Spirit Wind Project

- 107.5 MW wind generation project located in Adams County near Hettinger, North Dakota
- Advance Determination of Prudence & Certificate of Public Convenience & Necessity granted by PSC on June 30, 2015
- Certificate of Site Compatibility transferred to Montana-Dakota on December 16, 2015
- The Purchase from ACE Wind & Thunder Spirit Wind, LLC was approved by FERC on 10/21/15

Thunder Spirit Wind Project

- Project consists of 43 2.5 Mw turbines
- Transmission interconnection is complete
- All structures are in place with 30 of the turbines commissioned and operating
- All turbines to be commissioned by 12/31/15

Thunder Spirit Wind Project



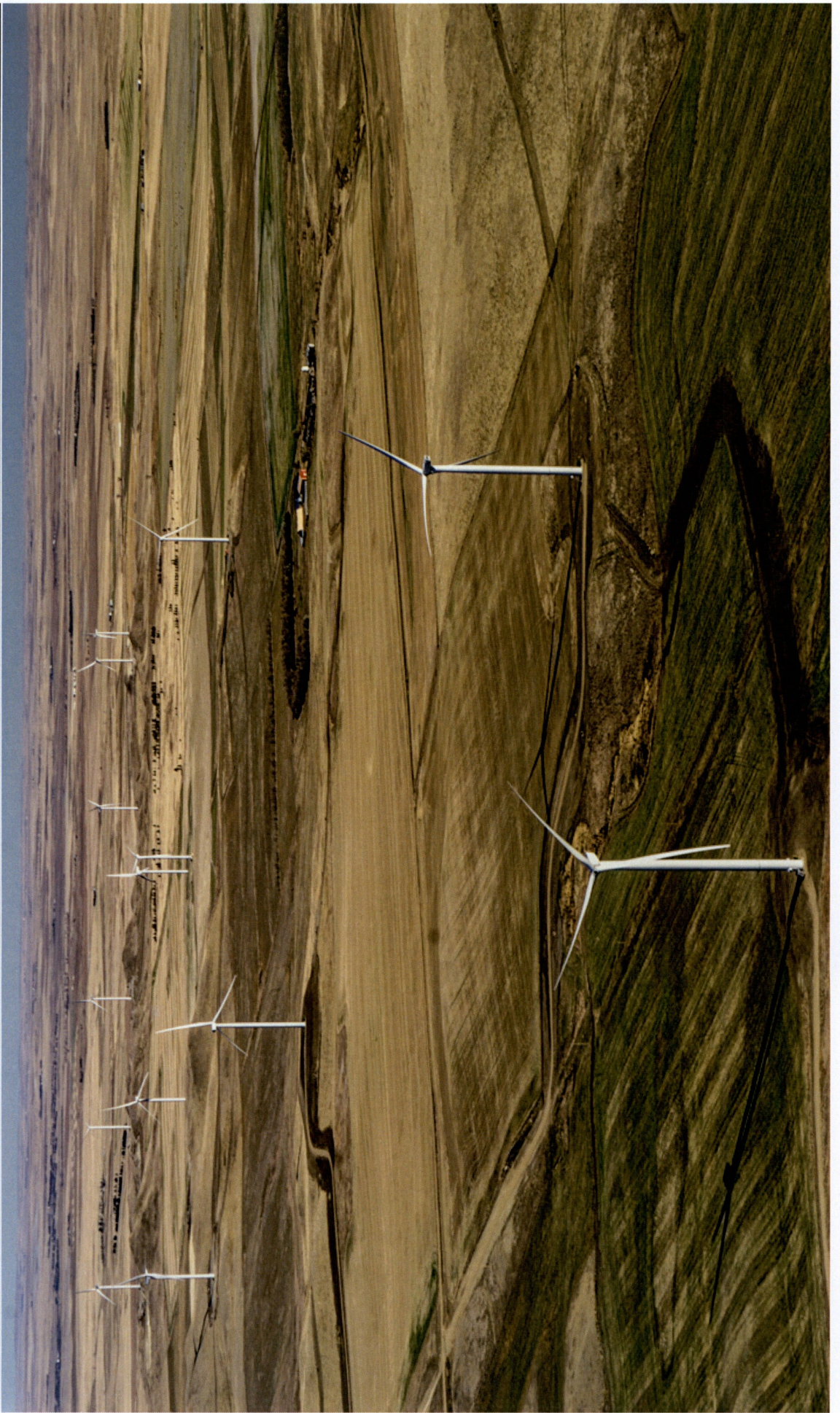
Thunder Spirit Wind Project



Thunder Spirit Wind Project



Thunder Spirit Wind Project



Renewable Resource Cost Adjustment Rate 55

- Proposed RRCA reflects revenue requirement through end of 2016 equating to \$15,411,361.
- Charges per KWh by customer class:
 - Residential: \$0.00790/KWh
 - Small General: \$0.00552/KWh
 - Large General: \$0.00669/KWh
 - Lighting: \$0.00491/KWh
- Increase to Residential customer = \$3.14 per month net of fuel savings (\$7.06 under the RRCA)

Renewable Resource Cost Adjustment Rate 55

- Proposed RRCA reflects projected costs through 2016
 - Average Rate Base of \$135,862,824
 - Federal Production Tax Credits of \$0.023/Kwh
 - Rate Base addition to reflect regulatory asset associated with PTC - Company will need to carryforward the credit based on estimated taxable income
- Projected 2016 overall return reflecting authorized ROE of 10.75%

Renewable Resource Cost Adjustment Rate 55

- Annual operating & maintenance expenses of \$2,073,825
- Depreciation expense based on a 20 year project life
- Production taxes based on ND's Wind Generation Taxation

Renewable Resource Cost Adjustment Rate 55

- Expected North Dakota Electric ROE
 - 2015 (10 months actual/2 estimated): 7.4%
 - Projected 2016 including proposed riders: 9.4%



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Renewable Resource Cost Adjustment Rate 55 - Settlement

- Settlement Discussions with Staff
 - Revenue requirement of \$15,108,466
 - Rate case by 9/30/16
 - ROE of 10.5% until final outcome of rate case
 - Residential monthly increase net of fuel = \$2.44 per month