

# MONTANA-DAKOTA UTILITIES CO.

TRANSMISSION COST ADJUSTMENT  
Informal Hearing Case No. PU-15-747

NORTH DAKOTA PUBLIC SERVICE COMMISSION

January 20, 2016



In the Community  
to Serve

# Transmission Cost Adjustment

## Rate 59

- First authorized in Case Nos. PU-11-672 and PU-11-681. Order dated May 16, 2012
- Tariff provides for the recovery of costs for new or modified transmission facilities and federally regulated costs for regional transmission reliability that are not reflected in retail rates

# Transmission Cost Adjustment

## Rate 59

- Proposed TCA reflects Projected 2016:
  - Net MISO-related revenues and expenses with a true-up of the prior period
  - Revenue requirement associated with two transmission facility installations in North Dakota
- Charges per KWh by customer class:
  - Residential & Small General: \$0.00329/KWh
  - Large General: \$0.00293/KWh
  - Lighting: \$0.00215/KWh
- Increase to residential customer = \$1.82 per month assuming use of 894 Kwh

# Proposed Costs to be Recovered

- MISO Baseline Reliability Projects, Generation Interconnection Projects, and Market Efficiency Projects
  - MISO Schedules 26, 37 & 38
- MISO MVP Projects
  - MISO Schedule 26A
- Transmission Projects

# Schedule 26

- MISO estimate by pricing zone for Baseline Reliability Projects, Generation Interconnection Projects, and Market Efficiency Projects
- Revenue related to Mandan Substation deemed a reliability project under MISO's 2009 Transmission Expansion Plan (MTEP)

Schedule 26 – ND's Share (Exhibit 6 of Filing)		
Projected Costs		\$2,287,546
Projected Revenue		1,305,882
Net Expense		\$981,664

# Schedule 26A

- Charged equally to all MISO load for recovery of MVP portfolio
- MISO's indicative charge based on Montana-Dakota's projected 2016 load requirements is \$0.96 per MWh
- Revenue credit for administrative and general O&M expenses recovered under Montana-Dakota's retail rates

## Schedule 26A – ND's Share (Exhibit 7 of Filing)

Projected Costs		\$2,227,378
A&G Credit		262,474
Net Expense		\$2,014,904

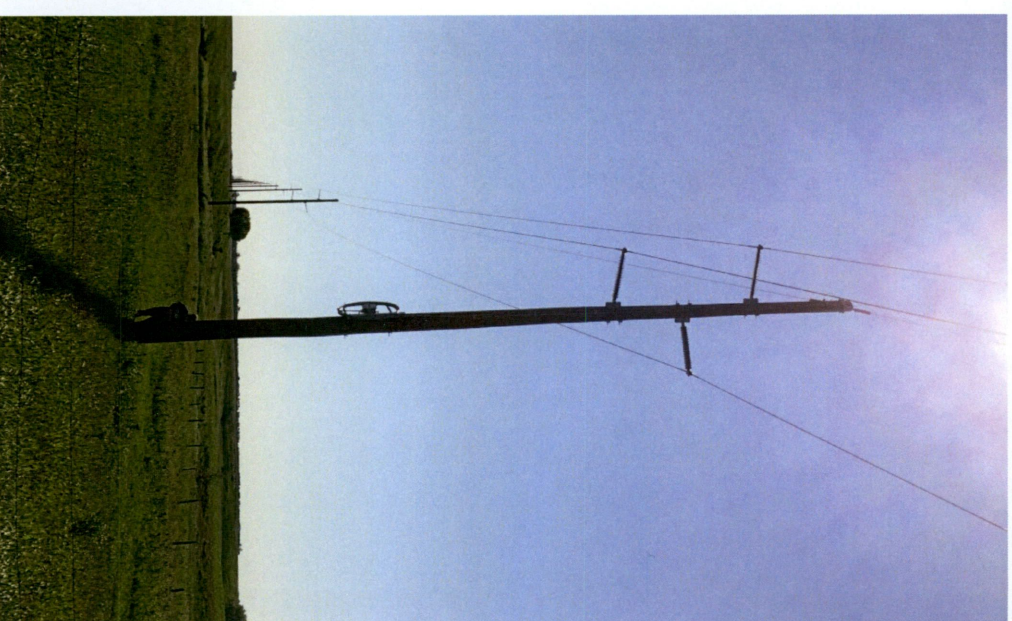
# Transmission Projects

- Kenmare to Lignite Project
  - Constructed a new 115 kV transmission line to improve system reliability and to serve load growth in Burke and Divide counties
  - Project was a part of 2007 planning studies, project started 2013
  - Line constructed in new right-of-way
  - Optical Ground Wire (OPGW) installed on the line
  - Constructed an addition to the 115 kV switchyard at the Kenmare substation to interconnect the new 115 kV line
  - Constructed a new 115/60 kV transmission substation at Lignite to interconnect the new 115 kV line to the existing 60 kV transmission system
  - Total projected cost \$13,187,642, this investment qualifies for SPP facility credits
  - Project complete as of 10/28/2015



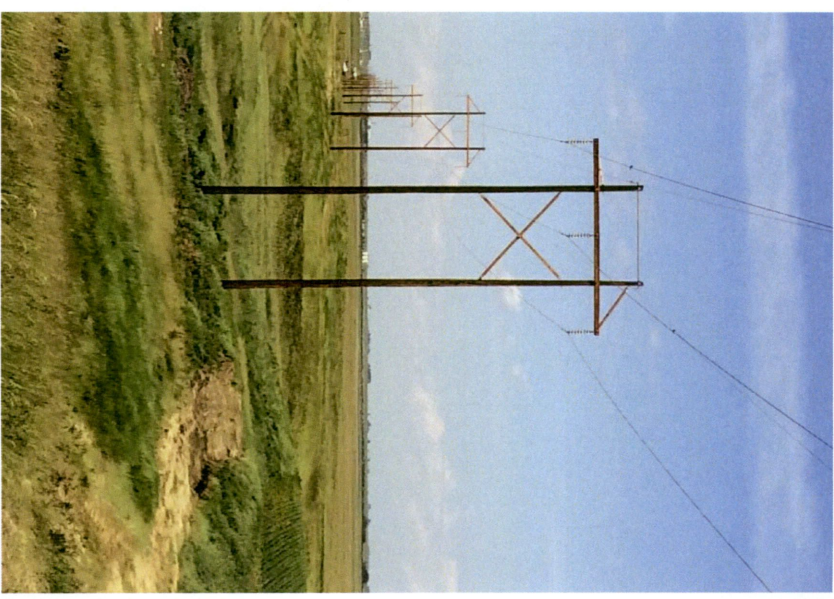
# Transmission Projects

Kenmare to Lignite Project



# Transmission Projects

Kenmare to Lignite Project

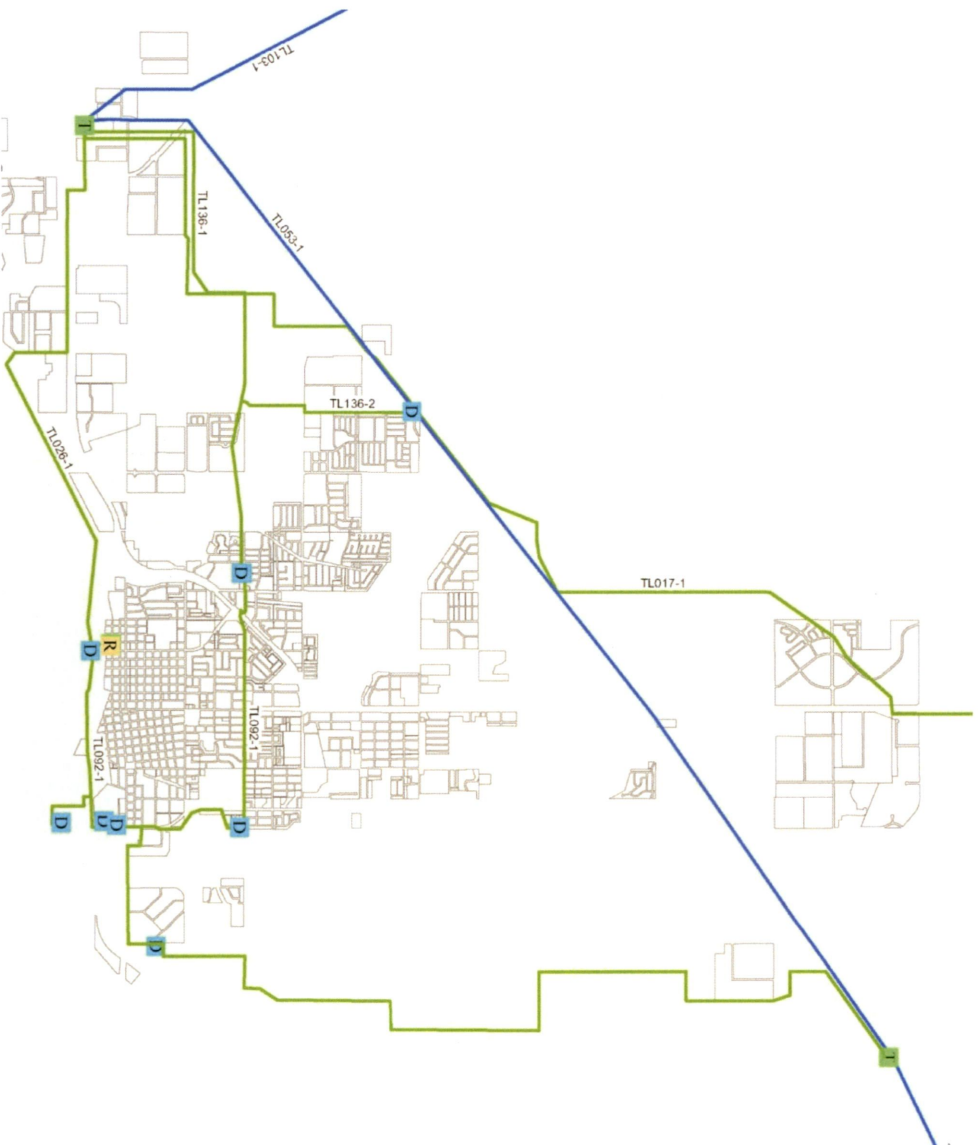


# Transmission Projects

- Williston Little Muddy Project
  - Constructed a new 60 kV double circuit transmission line to create a looped transmission system around Williston, improving system reliability and load serving capability
  - Project was a part of 2007 planning studies, project started in 2012
  - Line constructed in new right-of-way
  - Optical Ground Wire (OPGW) installed on the line
  - Constructed a new 115/60 kV transmission substation called the Little Muddy Substation to interconnect the new 60 kV lines to the existing 115 kV transmission system
  - Total projected cost \$13,881,407, a portion of transmission substation qualifies for SPP facility credits
  - Project complete as of 12/19/2015

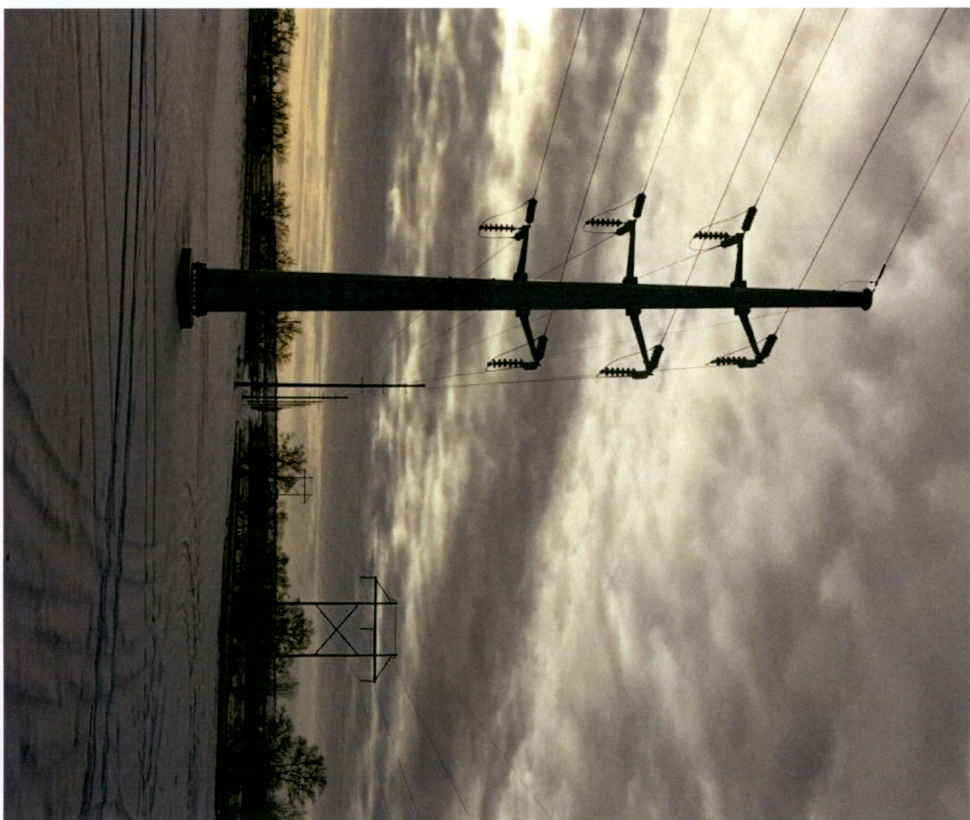
# Transmission Projects

Williston Little Muddy Project



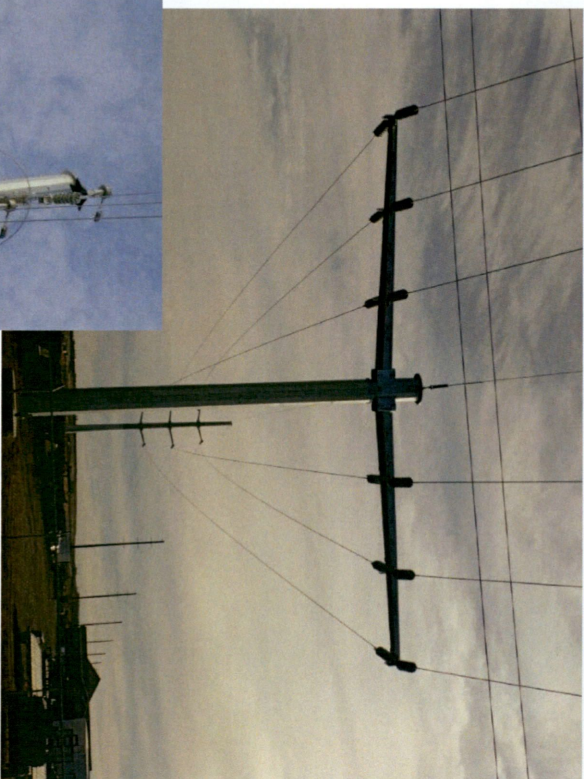
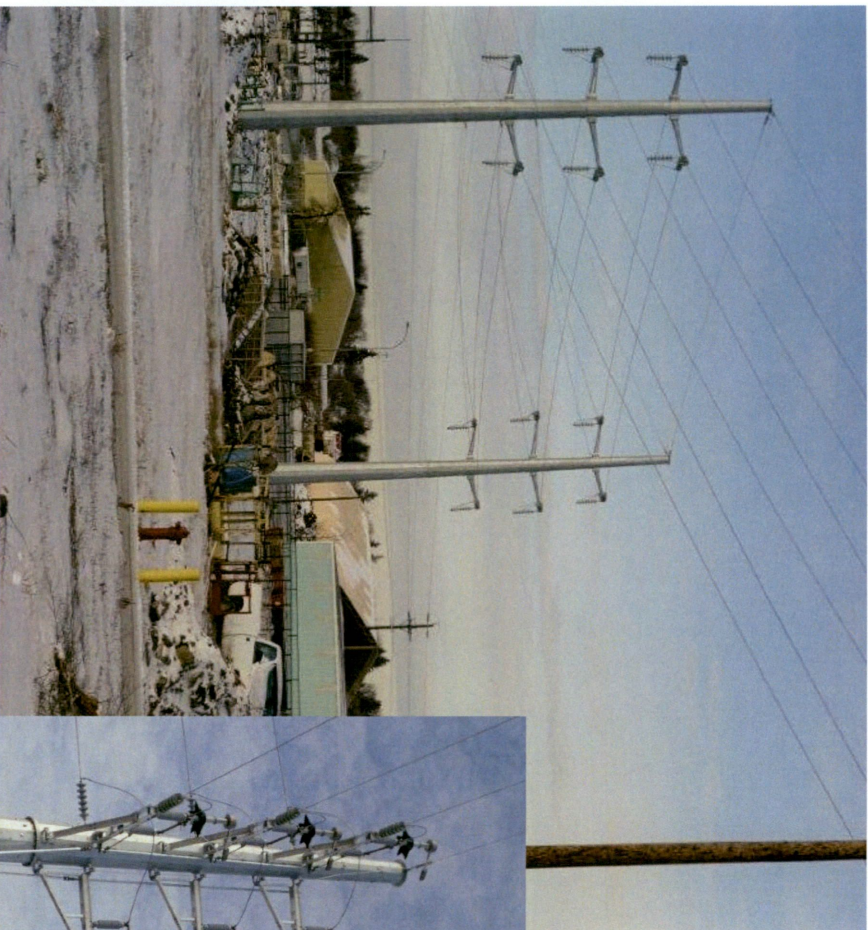
# Transmission Projects

Williston Little Muddy Project



# Transmission Projects

Williston Little Muddy Project



# TCA Rate 59 Summary of Costs\*

	Projected 2016 Net Expense
<b>Charges:</b>	
MISO Schedules 26 and 26A	\$4,564,924
<b>Credits:</b>	
MISO Schedule 26	1,305,882
A&G Retail Rate Credit (Schedule 26A)	262,474
Transmission Projects Revenue Requirement	3,190,361
Total Projected 2016 Net Expense	6,236,816
Estimated Balance as of December 31, 2015	572,763
Total Costs to be Recovered through TCA	\$6,759,692

\*January 15, 2016 update to TCA to reflect 10.5% ROE on transmission projects

# SPP Settlement

- The Company's Settlement Agreement with SPP was filed with FERC on December 10, 2015.
- No intervention comments were filed by any party.
- A final order from FERC on the Settlement Agreement is expected on or before February 8, 2016.
- Montana-Dakota's facility credit amount for 2016 from SPP is \$11.5 million.
- Montana-Dakota is also estimating \$2.5 million in offsetting costs from Basin Electric taking MISO service from Montana-Dakota.

# SPP Costs in TCA

- Montana-Dakota started taking SPP Transmission on October 1, 2015 to replace the WAPA Incremental Network Integration Transmission Service Agreement.
- Based upon the Company's Settlement Agreement with SPP, Montana-Dakota is estimating the net increase to all customers, over 2015 costs, related to the SPP Settlement is less than \$250,000.
- There are still a couple of unknowns with the SPP Settlement Cost Estimate and therefore this TCA filing does not include any SPP projections. The Company will reflect actual amounts in its next TCA filing (Fall 2016).



*In the Community  
to Serve®*

# Attachment MM submitted 9/15/15

Formula Rate Calculation

Rate Formula Template  
Utilizing Attachment O Data

Attachment MM - Generic Company  
For the 12 months ended 12/31/16  
Page 2 of 2

Montana-Dakota Utilities Co.

## Multi-Value Project (MVP) Revenue Requirement Calculation

Line No.	Project Name	MTEP Project Number	Project Gross Plant	Project Accumulated Depreciation	Transmission O&M Annual Allocation Factor	Annual Allocation for Transmission O&M Expense	Other Annual Expense Allocation for Other	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement	True-Up Adjustment	MVP Annual Adjusted Revenue Requirement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Multi-Value Projects (MVP)																
1a	Big Stone South to Ellendale	2220	\$ 28,626,407	\$ -	9.95%	\$ -	2.07%	\$593,153.93	\$28,626,407	11.05%	\$ 3,164,119	\$ -	\$ 3,757,273	\$ (304,210)	\$ 3,453,063	
					Page 1 line 4 (Col 4 * Col 5)		Page 1 line 9 (Col 3 * Col 7)		(Col 6 + Col 8)		(Col 3 - Col 4) (Page 1 line 14)		Col 10 * Col 11		Sum Col. 9, 12 & 13	
					(Note C)		(Note E)						(Note F)		Sum Col. 14 & 15 (Note G)	
MVP Total Annual Revenue Requirements																
													\$3,757,273	-\$304,210	\$3,453,063	