



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 21, 2017

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

Re: Annual Update to the Transmission Cost  
Adjustment Rate 59 Tariff  
Case No. PU-17-\_\_\_\_\_

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 its Transmission Cost Adjustment (TCA) Rate 59 tariff pursuant to NDCC §49-05-04.3 and §49-05-06 and Paragraph 2c of the Company's Rate 59 tariff. Montana-Dakota requests approval of Transmission Cost Adjustment Rate 59 6<sup>th</sup> Revised Sheet No. 43.1 of its electric service tariffs, provided herein as Exhibit 1, to be effective with service rendered on and after February 21, 2018.

The Company is requesting to update its TCA rates to reflect the projected charges for 2018 assessed to Montana-Dakota for transmission-related services provided by Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP), along with the projected 2018 revenues and/or credits received by Montana-Dakota for transmission-related services. The total projected 2018 net transmission-related costs as allocated to North Dakota are \$7,532,312. The proposed TCA rates also reflect the continued amortization of the TCA balance of \$4,115,134 at the current amortization rates, to be recovered over twenty-four months, as authorized in Case No. PU-16-666. All costs to be recovered through the TCA rates are currently not being recovered through Montana-Dakota's North Dakota retail electric rates. A residential customer using 894 Kwh a month would see an increase of \$0.99 under the proposed TCA rate.

The proposed TCA rates are shown in the table below, along with the change from the current TCA rates implemented August 7, 2017:

		<u>Proposed Rate/Kwh</u>	<u>Current Rate/Kwh</u>	<u>Change/Kwh</u>
Residential & Small General	(Rates 10, 13, 16, 20, 25 & 40)	\$0.00523	\$0.00413	\$0.00110
Large General	(Rates 30, 31, 32, 38, & 48)	\$0.00444	\$0.00350	\$0.00094
Lighting	(Rates 41 & 52)	\$0.00204	\$0.00161	\$0.00043

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  
[Tamie.Aberle@mdu.com](mailto:Tamie.Aberle@mdu.com)

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

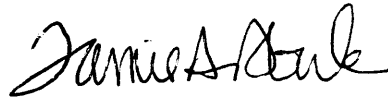
Karl Liepitz  
Assistant General Counsel  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650  
[Karl.Liepitz@MDUResources.com](mailto:Karl.Liepitz@MDUResources.com)

Montana-Dakota herewith submits a check for \$10,000 in accordance with North Dakota Century Code §49-05-04.3 and respectfully requests the Commission reduce the required \$100,000 filing fee pursuant to North Dakota Century Code §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.

Please contact me at (701) 222-7856 or at [Tamie.Aberle@mdu.com](mailto:Tamie.Aberle@mdu.com) with any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Tamie A. Aberle". The signature is written in a cursive, flowing style.

Tamie A. Aberle  
Director of Regulatory Affairs

Attachments

cc: Karl Liepitz  
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 ) Case No. PU-17-\_\_\_\_  
Approval its Annual Update to Transmission )  
Cost Adjustment Rate 59 )

**I. Summary of Application**

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota), herewith submits this Application for approval to update its Transmission Cost Adjustment (TCA) Rate 59 tariff pursuant to NDCC §49-05-04.3 and §49-05-06 and Paragraph 2c of the Company's Rate 59 tariff to reflect projected transmission-related costs, revenues, and credits through December 2018. The Company requests approval of Transmission Cost Adjustment Rate 59, 6<sup>th</sup> Revised Sheet No. 43.1 to be effective with service rendered on and after February 21, 2018. In support of this application, Montana-Dakota is providing the following exhibits:

- Exhibit 1 - Transmission Cost Adjustment Rate 59 6<sup>th</sup> Revised Sheet No. 43.1
- Exhibit 2 – Transmission Cost Adjustment Proposed Rates
- Exhibit 3 – Transmission Cost Adjustment Projected 2018 Summary of Revenue and Expenses
- Exhibit 4 – Transmission Cost Adjustment Balancing Account
- Exhibit 5 – Transmission Cost Adjustment Projected 2018 Revenue and Expenses by Schedule
- Exhibit 6 – Customer Notice of Filing

## **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 92,800 customers in North Dakota as of September 30, 2017.

## **III. Background of Transmission Cost Adjustment Rate 59**

On October 11, 2011, Montana-Dakota filed a Transmission Cost Adjustment Rate 59 tariff and proposed TCA rates in Case Nos. PU-11-672 and PU-11-681, pursuant to NDCC §49-05-04.3, for the recovery of the North Dakota allocation of transmission related expenses assessed by the Midcontinent Independent System Operator (MISO), Western Area Power Administration (WAPA), and the revenue requirement for transmission facilities not currently recovered through the Company's North Dakota electric service rates. On May 16, 2012, the Commission approved Montana-Dakota's Transmission Cost Adjustment Rate 59 tariff. The first TCA rates were implemented effective with service rendered on and after June 1, 2012.

The Company's currently authorized TCA rates reflect the projected 2017 net transmission-related expenses as authorized in Case No. PU-16-666, Montana-

Dakota's last general electric rate case. Those TCA rates were implemented August 7, 2017. The current TCA rates also reflect the amortization of the TCA under recovered balance of \$4,115,134 through December 31, 2016.

On October 14, 2016, Montana-Dakota filed an application to increase its electric service rates in Case No. PU-16-666 which included an update to the Company's TCA rates. The update to the TCA rates reflected the removal of the revenue requirement related to two large transmission projects that were being recovered through the TCA rates at that time, as authorized in Case No. PU-15-747, as well as the inclusion of additional transmission-related MISO and SPP charges and transmission-related revenues or credits not previously being recovered through the TCA rates.

The TCA rates implemented August 7, 2017 reflect the inclusion of SPP transmission-related charges as well as any credits related to SPP schedules and BEPC agreements. In addition, the charges or revenue associated with MISO transmission-related Schedules 1, 2, 7, 8, 9, 10, and 24 were removed from the Company's electric service rates and are now being recovered through the TCA rates. The movement of these schedules for recovery through the TCA rates provides for a total transmission services revenue requirement for MISO and SPP transmission-related expenses and revenues or credits.

#### **IV. Calculation of the Proposed TCA Rates**

The following exhibits are included herein in support of the Company's proposed TCA rates and in accordance with the Company's Transmission Cost Adjustment Rate 59 tariff:

- *Exhibit 2* shows the proposed TCA rates, along with the allocation of the total net projected expenses to each of the respective rate classes, excluding special contracts (per Paragraph 2b of Rate 59). The total 2018 net projected cost to be recovered through the proposed TCA rates is \$7,532,312 which is then allocated to the respective rate classes based on the Company's transmission allocation factor (Demand Factor No. 2) from Company's most recent general rate case (Case No. PU-16-666), and divided by the forecasted billing determinants to derive the transmission revenue requirement rates. The Projected 2018 revenue requirement reflects an increase of \$2,023,143 over the TCA revenue requirement authorized in Case No. PU-16-666. This increase is primarily attributable to a reduction in the SPP revenue credit and an increase in MISO Schedule 26A charges.

The current amortization rates are then added to the transmission revenue requirement to determine the TCA rates proposed herein. The current amortization rates were authorized in Case No. PU-16-666 and implemented with rates August 7, 2017. The current amortization rates reflect a twenty-four month amortization of the under-recovered balance through December 31, 2016.

- *Exhibit 3* provides a summary of the projected transmission-related expenses assessed Montana-Dakota under MISO and SPP transmission schedules as well as the projected revenue and/or credits received by Montana-Dakota for transmission related services by schedule.
- *Exhibit 4* shows the TCA Balancing Account (per Paragraph 2d of Rate 59) through December 2017. 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 5* provides the detail of the derivation of the projected 2018 transmission-related expenses, revenues and credits for the twelve months ended December 31, 2018.
  - Page 1 shows the projected revenue for MISO Schedules 1, 2, 7, 8, and 24.
    - Schedule 1 revenue is the revenue received for Montana-Dakota's scheduling and administration of moving power through MISO.
    - Schedule 2 is revenue received for Montana-Dakota's maintenance of voltage on the system.
    - Schedule 7 is revenue received by Montana-Dakota for Firm Point to Point Transmission Service.
    - Schedule 8 is revenue received by Montana-Dakota for Non-Firm Point to Point Transmission Service.
    - Schedule 24 is revenue received by Montana-Dakota as a Load Balancing Authority which it receives for services provided to others in MISO.
  - Page 2 shows the projected MISO Schedule 9 revenue and revenue received by Montana-Dakota under a Facility Sharing Agreement with Basin Electric Power Cooperative (BEPC).
    - MISO Schedule 9 is revenue received by Montana-Dakota for Network Integration Transmission Service. It is the estimated

revenue to be received from BEPC for MISO NITS service. This revenue is then offset to reflect the revenue requirements of BEPC member cooperatives received by Montana-Dakota from MISO for transmission service in Montana-Dakota's pricing zone that are in turned paid to BEPC.

- The Facility Sharing Agreement reflects revenue received from BEPC for the use of Montana-Dakota facilities to serve BEPC member cooperative loads.
- Page 3 shows the projected charges for MISO Schedule 10 charges and direct FERC assessments. As transmission providers, both MISO, on behalf of Montana-Dakota, and Montana-Dakota are assessed annual charges by the Federal Energy Regulatory Commission in accordance with FERC's regulations. These charges reflect the projected 2018 charges to be assessed by FERC to Montana-Dakota either directly or through MISO.
- Page 4 shows the projected Schedule 26 charges and revenue. The Schedule 26 charges reflect the indicative charges posted by MISO on October 9, 2017 by Pricing Zone for Approved Baseline Reliability Projects, Generation Interconnection Projects, and Market Efficiency Projects. The Schedule 26 charges reflect Montana-Dakota's share of costs for projects that qualify for regional cost allocation under the MISO tariff.

The Schedule 26 revenue reflects the Company's Projected 2018

MISO Attachment GG revenue requirement for MISO Transmission Expansion Plan (MTEP) project 1355 (Heskett Substation). The Heskett Substation was deemed a baseline reliability project under MISO's 2009 Transmission Expansion Plan.

- o Page 5 shows the projected MISO Schedule 26A charges and credits.

The Schedule 26A expenses reflect Montana-Dakota's forecasted load at the indicative charge posted by MISO on October 4, 2017 with Montana-Dakota's share of the Big Stone South to Ellendale (BSSE) retail revenue requirement stated separately. Montana-Dakota's share of the BSSE retail revenue requirement reflects the estimated retail portion of the BSSE project using Montana-Dakota's load ratio share within the MISO footprint and the Company's Projected 2018 MISO Attachment MM revenue requirement for MTEP Project 2220 (BSSE MVP project). The BSSE MVP project is one of seventeen MVPs approved by MISO as part of the MTEP 2011 report. Schedule 26A is charged equally to all MISO load for recovery of MISO's MVP portfolio.

A revenue credit for administrative and general (A&G) expenses is also shown on page 5 to reflect a credit or reimbursement for the A&G expenses that will be recovered from all MISO load under Attachment MM as an offset to the A&G expenses recovered through the Company's North Dakota electric rates today.

- o Page 6 shows the projected SPP charges and credits by schedule.
  - Schedule 1 are the charges paid by Montana-Dakota to SPP for the

scheduling and administration of power through SPP.

- Schedule 1a are the charges paid by Montana-Dakota to SPP for SPP's administration of the market and transmission system.
- Schedule 9 reflects the charges paid by Montana-Dakota for Network Integration Transmission Service. Also reflected on page 6 are the payments made to BEPC for the use of BEPC facilities by Montana-Dakota that were included in the Basin Electric Interconnection and Common Use Agreement
- Schedule 12 are the FERC assessments to SPP associated with Montana-Dakota's loads on the SPP system, similar to MISO's Schedule 10 charges.

### V. Estimated Impact by Customer Class

As shown in Exhibit 2, Montana-Dakota's projected 2018 costs to be recovered under the TCA rates as allocated to North Dakota are \$7,532,312 in 2018. A residential customer using 894 Kwh a month would see an increase of \$0.99 per month under the proposed TCA rates. Montana-Dakota requests approval of the following TCA rates to be effective February 21, 2018:

	Proposed Rate	Current Rate	Change
Residential & Small General Rate/Kwh	\$0.00523	\$0.00413	\$0.00110
Large General/Kwh	\$0.00444	\$0.00350	\$0.00094
Lighting/Kwh	\$0.00204	\$0.00161	\$0.00043

Montana-Dakota has included as Exhibit 6 a Customer Notice to be included with customer's bills starting thirty days from date of filing in accordance with NDCC § 69-09-

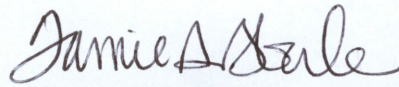
02-02.1 requiring a notice to be provided to customers, within thirty days after filing, informing customers of the Company's request to update rates.

Montana-Dakota is submitting a check in the amount of \$10,000. Montana-Dakota respectfully requests the Commission reduce the required \$100,000 filing fee pursuant to NDCC §49-05-04.3.2d which states the North Dakota Public Service Commission may waive or reduce the fee.

### VI. Conclusion

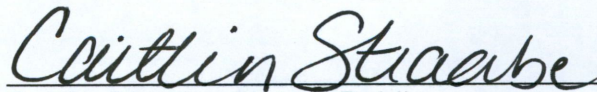
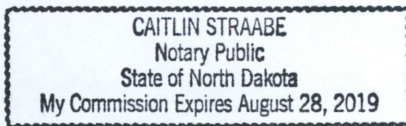
Montana-Dakota respectfully requests that the Commission approve this annual update to the Company's TCA rates as shown on its Transmission Cost Adjustment Rate 59 tariff to be effective with service rendered on and after February 21, 2018.

Dated this 21<sup>st</sup> day of November 2017.



Tamie A. Aberle  
Director of Regulatory Affairs

Subscribed and sworn to before me this 21<sup>st</sup> day of November 2017.



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

Of Counsel:  
Karl Liepitz  
Assistant 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 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

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NDPSC Volume 4

6<sup>th</sup> Revised Sheet No. 43.1

5<sup>th</sup> Revised Sheet No. 43.1

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### TRANSMISSION COST ADJUSTMENT Rate 59

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- d. The true-up will reflect any over or under collection of revenue under the Transmission Adjustment from the preceding twelve month 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. Transmission Cost Adjustment Rate by class:

Residential & Small General	0.523¢ per Kwh
Large General	0.444¢ per Kwh
Lighting	0.204¢ per Kwh

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Date Filed: November 21, 2017

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 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

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NDPSC Volume 4

5<sup>th</sup> Revised Sheet No. 43.1

4<sup>th</sup> Revised Sheet No. 43.1

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### TRANSMISSION COST ADJUSTMENT Rate 59

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Page 2 of 2

- d. The true-up will reflect any over or under collection of revenue under the Transmission Adjustment from the preceding twelve month 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. Transmission Cost Adjustment Rate by class:

Residential & Small General	0.4130.523¢ per Kwh
Large General	0.3500.444¢ per Kwh
Lighting	0.1610.204¢ per Kwh

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**Date Filed:** June 26, 2017

**Effective Date:** Service rendered on and  
after August 7, 2017

**Issued By:** Tamie A. Aberle  
Director - Regulatory Affairs

**Case No.:** PU-16-666

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Transmission Cost Adjustment  
Proposed TCA Rates**

	<u>Total</u>	<u>Residential &amp; Small General</u>	<u>Large General</u>	<u>Lighting</u>
Projected Net Expenses 1/ 2/	\$7,532,312	\$3,654,983	\$3,833,764	\$43,565
Projected Kwh 3/	2,014,529,000	888,808,000	1,098,438,000	27,283,000
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00411	\$0.00349	\$0.00160
Amortization per Kwh 4/		0.00112	0.00095	0.00044
Proposed TCA Rate per Kwh		<u>0.00523</u>	<u>0.00444</u>	<u>0.00204</u>
Current TCA Rate per Kwh 5/				
Revenue Requirement per Kwh		\$0.00301	\$0.00255	\$0.00117
Amortization per Kwh 4/		0.00112	0.00095	0.00044
Current TCA Rate per Kwh		<u>0.00413</u>	<u>0.00350</u>	<u>0.00161</u>
Increase in TCA Rate		<u><u>\$0.00110</u></u>	<u><u>\$0.00094</u></u>	<u><u>\$0.00043</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2 (Case No. PU-16-666, Statement M, Schedule M-2):

Residential & Small General	48.524051%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	50.897572%	(Rates 30, 31, 32, 38, and 48)
Lighting	0.578377%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Projected Kwh sales, excluding contracts

4/ Amortization rate per Kwh as authorized in Case No. PU-16-666.

5/ Current TCA rates effective August 7, 2017

**Montana-Dakota Utilities Co.**  
**Transmission Cost Adjustment**  
**Summary of Revenue and Expenses Allocated to North Dakota**  
**Projected 2018**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Facility Sharing Agreement	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,333	\$20,337	\$244,000
MISO Revenue/Credits													
Schedule 1	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,299	207,577
Schedule 2	17,811	17,811	17,811	17,811	17,811	17,811	17,811	17,811	17,811	17,811	17,811	17,807	213,728
Schedule 7	60,164	60,164	60,164	60,164	60,164	60,164	60,164	60,164	60,164	60,164	60,164	60,165	721,969
Schedule 8	3,744	3,744	3,744	3,744	3,744	3,744	3,744	3,744	3,744	3,744	3,744	3,739	44,923
Schedule 9	351,415	351,415	351,415	351,415	351,415	351,415	351,415	351,415	351,415	351,415	351,415	351,419	4,216,984
NITS Cust Rev Req.	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,769)	(52,766)	(633,225)
Schedule 24	60,101	60,101	60,101	60,101	60,101	60,101	60,101	60,101	60,101	60,101	60,101	60,102	721,213
Schedule 26	111,317	111,317	111,317	111,317	111,317	111,317	111,317	111,317	111,317	111,317	111,317	111,321	1,335,808
	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,086	6,828,977
Charges													
Schedule 10													
MISO - FERC Energy	30,121	30,121	30,121	30,121	30,121	30,121	30,121	30,121	30,121	30,121	30,121	30,117	361,448
MISO - FERC Demand	18,879	18,879	18,879	18,879	18,879	18,879	18,879	18,879	18,879	18,879	18,879	18,883	226,552
FERC Direct	19,283	19,283	19,283	19,283	19,283	19,283	19,283	19,283	19,283	19,283	19,283	19,279	231,392
	68,283	68,283	68,283	68,283	68,283	68,283	68,283	68,283	68,283	68,283	68,283	68,279	819,392
Schedule 26	233,192	233,192	233,192	233,192	233,192	233,192	233,192	233,192	233,192	233,192	233,192	233,190	2,798,302
Schedule 26A	504,939	485,258	446,556	402,487	397,244	391,049	470,086	438,027	424,145	405,555	461,261	517,489	5,344,096
A&G Retail Rate Credit	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,434)	(78,428)	(941,202)
	727,980	708,299	669,597	625,528	620,285	614,090	693,127	661,068	647,186	628,596	684,302	740,530	8,020,588

**Montana-Dakota Utilities Co.**  
**Transmission Cost Adjustment**  
**Summary of Revenue and Expenses Allocated to North Dakota**  
**Projected 2018**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>SPP</b>													
Revenue/Credits	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,028	11,124,347
Facility Credits													
<b>Charges</b>													
Schedule 1	72,703	72,703	72,703	72,703	72,703	72,703	72,703	72,703	72,703	72,703	72,703	72,707	872,440
Schedule 1a	88,178	88,178	88,178	88,178	88,178	88,178	88,178	88,178	88,178	88,178	88,178	88,182	1,058,140
Schedule 9	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,143	1,555,147	18,661,720
Schedule 12	11,020	11,020	11,020	11,020	11,020	11,020	11,020	11,020	11,020	11,020	11,020	11,017	132,237
	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,044</u>	<u>1,727,053</u>	<u>20,724,537</u>
<b>Total Company Revenue/Credits</b>													
Facility Sharing	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,333	20,337	244,000
MISO	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,081	569,086	6,828,977
SPP	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,029	927,028	11,124,347
Allocated to ND 1/	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,443	1,516,451	18,197,324
	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,911</u>	<u>1,082,916</u>	<u>12,994,937</u>
<b>Total Company Charges</b>													
MISO	727,980	708,299	669,597	625,528	620,285	614,090	693,127	661,068	647,186	628,596	684,302	740,530	8,020,588
SPP	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,044	1,727,053	20,724,537
Allocated to ND 1/	2,455,024	2,435,343	2,396,641	2,352,572	2,347,329	2,341,134	2,420,171	2,388,112	2,374,230	2,355,640	2,411,346	2,467,583	28,745,125
	<u>1,753,163</u>	<u>1,739,108</u>	<u>1,711,471</u>	<u>1,680,001</u>	<u>1,676,257</u>	<u>1,671,833</u>	<u>1,728,274</u>	<u>1,705,380</u>	<u>1,695,467</u>	<u>1,682,192</u>	<u>1,721,972</u>	<u>1,762,131</u>	<u>20,527,249</u>
<b>Net Expense</b>	<u>\$670,252</u>	<u>\$656,197</u>	<u>\$628,560</u>	<u>\$597,090</u>	<u>\$593,346</u>	<u>\$588,922</u>	<u>\$645,363</u>	<u>\$622,469</u>	<u>\$612,556</u>	<u>\$599,281</u>	<u>\$639,061</u>	<u>\$679,215</u>	<u>\$7,532,312</u>

71.411233%

1/ Allocated to ND on Factor 15 Integrated System 12 Month Peak Demand:

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Transmission Cost Adjustment  
Balancing Account and Carry Charge Calculation**

<u>Cumulative</u>					
	Beginning Balance	Less: Amortization of 2016 Under Recovery 1/	Ending Balance 2/	Carrying Charge 3/	Grand Total (Over)/Under Collection
December 2016			4,108,443		4,115,134
January 2017	4,108,443		4,108,443	1,086	4,116,220
February	4,108,443		4,108,443	1,107	4,117,327
March	4,108,443		4,108,443	1,576	4,118,903
April	4,108,443		4,108,443	1,704	4,120,607
May	4,108,443		4,108,443	1,895	4,122,502
June	4,108,443		4,108,443	2,087	4,124,589
July	4,108,443		4,108,443	2,279	4,126,868
August	4,108,443	43,120	4,065,323	2,151	4,085,899
September	4,065,323	157,627	3,907,696	2,170	3,930,442
October	3,907,696	152,326	3,755,370	2,086	3,780,202
November	3,755,370	179,249	3,576,121	2,005	3,602,958
December	3,576,121	203,209	3,372,912	1,909	3,401,658
Total		<u>735,531</u>		<u>22,055</u>	

1/ Deferred revenue based on projected sales based on approved rates per Case No. PU-16-666.

2/ (Over)/Under collection on revenue requirement not including the carrying charge, for use in calculating the carrying charge.

3/ Carrying charges calculated based on the three-month Treasury Bill rate, based on prior month ending balance.

**Montana-Dakota Utilities Co.  
Electric Utility  
MISO Revenue Schedules 1, 2, 7, 8, and 24  
Projected 2018**

	<u>Schedule 1 1/</u>	<u>Schedule 2 1/</u>	<u>Schedule 7 1/</u>	<u>Schedule 8 1/</u>	<u>Schedule 24 2/</u>
January	\$17,298	\$17,811	\$60,164	\$3,744	\$60,101
February	17,298	17,811	60,164	3,744	60,101
March	17,298	17,811	60,164	3,744	60,101
April	17,298	17,811	60,164	3,744	60,101
May	17,298	17,811	60,164	3,744	60,101
June	17,298	17,811	60,164	3,744	60,101
July	17,298	17,811	60,164	3,744	60,101
August	17,298	17,811	60,164	3,744	60,101
September	17,298	17,811	60,164	3,744	60,101
October	17,298	17,811	60,164	3,744	60,101
November	17,298	17,811	60,164	3,744	60,101
December	17,299	17,807	60,165	3,739	60,102
	<u>207,577</u>	<u>213,728</u>	<u>721,969</u>	<u>44,923</u>	<u>721,213</u>

1/ Twelve months ended August 31, 2017.

2/ Three year average of Schedule 24 revenue (2014 - 2016)

**Montana-Dakota Utilities Co.  
Electric Utility  
MISO Schedule 9 Revenue, BEPC Payments & Credits, and  
Facility Sharing Agreement Revenue  
Projected 2018**

	MISO Sch 9 Revenue 1/	Payments to Basin 2/	Basin Facility Sharing Agreements 3/
January	\$351,415	(\$52,769)	\$20,333
February	351,415	(52,769)	20,333
March	351,415	(52,769)	20,333
April	351,415	(52,769)	20,333
May	351,415	(52,769)	20,333
June	351,415	(52,769)	20,333
July	351,415	(52,769)	20,333
August	351,415	(52,769)	20,333
September	351,415	(52,769)	20,333
October	351,415	(52,769)	20,333
November	351,415	(52,769)	20,333
December	351,419	(52,766)	20,337
	<u>4,216,984</u>	<u>(633,225)</u>	<u>244,000</u>

1/ Twelve months ended August 31, 2017.

2/ NITS Customer Revenue Requirements.

3/ Annual Facility Sharing Agreement revenue of \$244,000

**Montana-Dakota Utilities Co.  
Electric Utility  
MISO Schedule 10 Expenses  
Projected 2018**

	Schedule 10 1/			
	<u>MISO - Energy</u>	<u>MISO - Demand</u>	<u>FERC - Direct</u>	<u>Total</u>
January	\$30,121	\$18,879	\$19,283	\$68,283
February	30,121	18,879	19,283	68,283
March	30,121	18,879	19,283	68,283
April	30,121	18,879	19,283	68,283
May	30,121	18,879	19,283	68,283
June	30,121	18,879	19,283	68,283
July	30,121	18,879	19,283	68,283
August	30,121	18,879	19,283	68,283
September	30,121	18,879	19,283	68,283
October	30,121	18,879	19,283	68,283
November	30,121	18,879	19,283	68,283
December	30,117	18,883	19,279	68,279
	<u>361,448</u>	<u>226,552</u>	<u>231,392</u>	<u>819,392</u>

1/ Twelve months ended August 31, 2017.

**Montana-Dakota Utilities Co.  
Electric Utility  
MISO Schedule 26 Expense  
Projected 2018**

	<u>Charges 1/</u>	<u>Revenue 2/</u>
January	\$233,192	\$111,317
February	233,192	111,317
March	233,192	111,317
April	233,192	111,317
May	233,192	111,317
June	233,192	111,317
July	233,192	111,317
August	233,192	111,317
September	233,192	111,317
October	233,192	111,317
November	233,192	111,317
December	233,190	111,321
Total	<u>\$2,798,302</u>	<u>\$1,335,808</u>

1/ Schedule 26 indicative costs posted by MISO as of April 25, 2017:  
\$2,798,302

2/ Montana-Dakota's projected 2018 revenue requirement for its MTEP  
project 1355 (Heskett Substation) recovered under Schedule 26  
\$1,335,808

Montana-Dakota Utilities Co.  
Electric Utility  
MISO Schedule 26A Expenses  
Projected 2018

	BSSE MVP Project		All Other MVP Projects		Total Schedule 26A Expenses	A&G Revenue Credit 5/
	Revenue Requirement 1/	Integrated System Retail Revenue Requirement 2/	Integrated Sales MWH 3/	Total MVP Charges (excl. BSSE Retail Rev. Req.) 4/		
January	\$1,134,850	\$8,171	297,023	\$496,768	\$504,939	\$78,434
February	1,134,850	8,171	285,446	477,087	485,258	78,434
March	1,134,850	8,171	262,680	438,385	446,556	78,434
April	1,134,850	8,171	236,757	394,316	402,487	78,434
May	1,134,850	8,171	233,673	389,073	397,244	78,434
June	1,134,850	8,171	230,029	382,878	391,049	78,434
July	1,134,850	8,171	276,521	461,915	470,086	78,434
August	1,134,850	8,171	257,663	429,856	438,027	78,434
September	1,134,850	8,171	249,497	415,974	424,145	78,434
October	1,134,850	8,171	238,562	397,384	405,555	78,434
November	1,134,850	8,171	271,330	453,090	461,261	78,434
December	1,134,854	8,176	304,405	509,313	517,489	78,428
Total	\$13,618,204	\$98,057	3,143,586	\$5,246,039	\$5,344,096	\$941,202

- 1/ Montana-Dakota's Projected 2018 Revenue Requirement (Attachment MM) for the BSSE MVP projected to be recovered under Schedule 26A \$13,618,204
- 2/ Montana-Dakota's estimated retail portion of its BSSE project based on Montana-Dakota's load ratio share in the MISO footprint: 0.72% 6/
- 3/ Electric Load Forecast from 2018 Plan.
- 4/ Montana-Dakota's Indicative Annual MVP Charges for Approved MVPs: \$1.70
- 5/ Revenue credit for administrative and general O&M expenses recovered through MISO Attachment MM  
 Montana-Dakota's Projected 2018 Attachment MM's Other O&M Expense, Line 4b 0.80%  
 Projected Gross Plant in Service (CWIP) from Attachment MM \$117,650,308  
 Annual A&G Retail Credit \$941,202
- 6/ Montana-Dakota's total MVP charges including the BSSE project.  
 MDU Projected 2018 MWh Withdrawals - 10/4/17 update 3,305,197  
 Total MISO MWh Withdrawals 457,127,811  
 Montana-Dakota's load share in MISO footprint 0.72%

Montana-Dakota Utilities Co.  
Electric Utility  
SPP Revenue and Expenses  
Projected 2018

	SPP Sch 1 1/	SPP Sch 1a 1/	Sch 9 NITS 2/	Sch 9 Fac. Credit 2/	SPP Sch 12 1/
January	\$72,703	\$88,178	\$1,555,143	(\$927,029)	\$11,020
February	72,703	88,178	1,555,143	(927,029)	11,020
March	72,703	88,178	1,555,143	(927,029)	11,020
April	72,703	88,178	1,555,143	(927,029)	11,020
May	72,703	88,178	1,555,143	(927,029)	11,020
June	72,703	88,178	1,555,143	(927,029)	11,020
July	72,703	88,178	1,555,143	(927,029)	11,020
August	72,703	88,178	1,555,143	(927,029)	11,020
September	72,703	88,178	1,555,143	(927,029)	11,020
October	72,703	88,178	1,555,143	(927,029)	11,020
November	72,703	88,178	1,555,143	(927,029)	11,020
December	72,707	88,182	1,555,147	(927,028)	11,017
	<u>872,440</u>	<u>1,058,140</u>	<u>18,661,720</u>	<u>(11,124,347)</u>	<u>132,237</u>

1/ Twelve months ended August 31, 2017.

2/ SPP Section 30.9 Facility Credits for 2018

## Notice of Annual Update to the Transmission Cost Adjustment Filed with the North Dakota Public Service Commission

On November 21, 2017, Montana-Dakota Utilities Co. (Montana-Dakota) filed its application with the North Dakota Public Service Commission (Commission) to update its Transmission Cost Adjustment (TCA) rates in accordance with the Company's Transmission Cost Adjustment Rate 59 tariff that states the rates will be revised annually to reflect the current level of costs to be recovered.

The proposed TCA rates include North Dakota's allocation of transmission related net expenses assessed by both the Midwest Independent System Operator (MISO) and the Southwest Power Pool (SPP) for transmission-related services currently not being recovered through the Company's electric service rates and the continued amortization of the under-recovered TCA balance through 2016.

Montana-Dakota has requested the proposed TCA rates be effective with service rendered on and after February 21, 2018, subject to Commission review and approval. The changes are only being proposed at this time and, if rates are suspended by the Commission, the new rates will not be effective until Commission action has been taken.

If approved, a residential customer using 894 Kwh will see an increase of \$0.99 per month. The TCA is shown as a separate line item on your bill.

	Residential & Small General
Applicable Rate Schedules	10, 13, 16, 20, 25, & 40
Current Rate	\$0.00413 per Kwh
Proposed Rate	\$0.00523 per Kwh
Change	\$0.00110 per Kwh
	Large General
Applicable Rate Schedules	30, 31, 32, 38, & 48
Current Rate	\$0.00350 per Kwh
Proposed Rate	\$0.00444 per Kwh
Change	\$0.00094 per Kwh
	Lighting
Applicable Rate Schedules	41 & 52
Current Rate	\$0.00161 per Kwh
Proposed Rate	\$0.00204 per Kwh
Change	\$0.00043 per Kwh

For more information, please contact a Montana-Dakota representative at 1-800-638-3278.