

Memorandum

To: Commissioners, Randy Christmann, Julie Fedorchak, and Brian Kroshus

From: Victor Schock - Public Utility Analyst (Advocacy Staff in this proceeding)

Date: February 28, 2018

Re: Montana-Dakota Utilities, Generation Resource Cost Recovery, Tariff and Rates

Case No. PU-17-469

On November 27, 2017, Montana-Dakota Utilities (MDU) filed an application to update its Generation Resource Cost Recovery (GRRR) Tariff and Rates.

The GRRR provides a mechanism for MDU to recover its investment in generation resources not otherwise collected through base rates. During the last rate case PU-16-666 MDU and Advocacy staff agreed to keep the investment into Lewis and Clark RICE units in the rider at a lower rate of return than what is being collected in base rates.

In the initial filing, MDU proposed reducing the GRRR as follows:

	Current	Proposed	Change
Residential/Small			
General Rate/Kwh	\$0.00284	\$0.00272	(\$0.00012)
Large General/KW	\$0.82212	\$0.78929	(\$0.03283)
Space Heating/KW	\$0.44987	\$0.43495	(\$0.01492)
Lighting/Kwh	\$0.00110	\$0.00105	(\$0.00005)

On January 10, 2018 the commission issued an Order Initiating Investigation (case PU-17-490) requiring MDU to review the impacts of the Tax Cuts and Jobs Bill Act of 2017 (Tax Reform). The Order required MDU to file information by February 15, 2018

On February 23, 2018, MDU filed a revision to its GRRR based on the results of the Tax Reform review.

The new proposal from MDU reduces the GRRR as follows:

	Current	Proposed	Change
Residential/Small			
General Rate/Kwh	\$0.00284	\$0.00251	(\$0.00033)
Large General/KW	\$0.82212	\$0.72702	(\$0.09510)
Space Heating/KW	\$0.44987	\$0.40665	(\$0.04322)
Lighting/Kwh	\$0.00110	\$0.00097	(\$0.00013)

The result of the proposed change in the GRRR for the average residential customer using 894 Kwh would be a decrease of \$0.30 per month.

Advocacy Staff has reviewed both the initial and revised filings and the underlying assumptions and calculations. We believe that the assumptions and calculations are appropriate and result in a basis of charge that is just and reasonable without undue discrimination.

C: Tamie Aberle, MDU