



UTILITIES CO.  
A Division of MDU Resources Group, Inc.

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

November 1, 2018

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-18-\_\_\_\_\_

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 1<sup>st</sup> Revised Sheet No. 43 and 7<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 1, 2019.

The Company is requesting to update its TCA rates to reflect the projected charges for 2019 assessed Montana-Dakota for transmission-related services provided by Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP), along with the projected 2019 revenues and/or credits received by Montana-Dakota for transmission-related services. The projected net costs to be recovered through the TCA rates, proposed herein, are currently not being recovered through Montana-Dakota's North Dakota retail electric rates. The total projected 2019 net transmission-related costs as allocated to North Dakota are \$8,211,579. The proposed TCA rates also reflect a projected under-recovered deferred balance of \$384,234 for a total cost of \$8,595,813 to be recovered through new TCA rates to be effective February 1, 2019. The net change in revenues to be collected under the TCA is a decrease of \$994,069 or approximately 10.4 percent from the current TCA rates.

The balancing account and resulting under-recovered deferred balance was reduced by \$1,066,521 to reflect the non-plant related excess deferred income taxes credit applied

to the TCA in accordance with the Settlement Agreement approved in Montana-Dakota's Tax Reform docket, Case No. PU-18-89 (Settlement Agreement). The non-plant excess deferred income tax amount credited to the TCA reflects the credit balance remaining after eliminating the deferred balances of the Company's Environmental Cost Recovery Rider and Generation Resource Recovery Rider balances in compliance with the approved Settlement Agreement.

The Company is also requesting modifications to the TCA provisions to provide for the inclusion of special rate contracts, currently being excluded from TCA applicability, as well as to remove the November 1 filing date from the tariff.

A residential customer using 894 Kwh a month would see a decrease of \$0.69 under the proposed TCA rate or a decrease of \$8.28 annually. The proposed TCA rates are shown in the table below, along with the change from the current TCA rates implemented March 19, 2018:

		Proposed Rate/Kwh	Current Rate/Kwh	Change/Kwh
Residential & Small General	(Rates 10, 13, 16, 20, 25 & 40)	\$0.00446	\$0.00523	(\$0.00077)
Large General	(Rates 30, 31, 32, 38, & 48)	\$0.00372	\$0.00444	(\$0.00072)
Lighting	(Rates 41 & 52)	\$0.00209	\$0.00204	\$0.00005

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,



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-18-\_\_\_\_  
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 2019. The Company requests approval of Transmission Cost Adjustment Rate 59 1<sup>st</sup> Revised Sheet No. 43 and 7<sup>th</sup> Revised Sheet No. 43.1 to be effective with service rendered on and after February 1, 2019. In support of this application, Montana-Dakota is providing the following exhibits:

- Exhibit 1 - Transmission Cost Adjustment Rate 59 1<sup>st</sup> Revised Sheet No. 43 and 7<sup>th</sup> Revised Sheet No. 43.1
- Exhibit 2 – Transmission Cost Adjustment Proposed Rates
- Exhibit 3 – Projected 2019 Summary of Revenue and Expenses
- Exhibit 4 – Transmission Cost Adjustment Balancing Account and Carrying Charge Calculation
- Exhibit 5 – Projected 2019 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 92,900 customers in North Dakota as of September 30, 2018.

## **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 2018 net

transmission-related expenses as authorized in Case No. PU-17-468, and the 2018 amortization of the deferred balance established in Case No. PU16-666 of \$2,057,570, and were implemented with service rendered on and after March 19, 2018.

#### **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 not subject to the TCA (per Paragraph 2b of Rate 59). The total 2019 projected cost to be recovered through the proposed TCA rates is \$8,595,813 which is comprised of 2019 net projected transmission costs of \$8,211,579 and an under-recovered balance of the Company's current costs of \$384,234. These costs are allocated to the respective rate classes based on the Company's transmission allocation factor (Demand Factor No. 2). Demand Factor No. 2 has been updated in this 2019 TCA update from that included in the Company's last general rate case (Case No. PU-16-666) to reflect the inclusion of the special contract rate customers previously excluded from the allocator as the customers' contracts limited rate increases or decreases to those unilaterally affecting the energy and demand charges under Montana-Dakota's General Service Rate 30 charges. New contracts have recently been negotiated with contract rate customers providing for the applicability of any of the Company's current, as well

as future, rate riders to these contract customers.

Allocated costs are then divided by the forecasted billing determinants, including the billing determinants associated with contract rate customers subject to the TCA, to derive the transmission revenue requirement rates. The Projected 2019 TCA revenue requirement reflects an increase of \$679,267 over the TCA revenue requirement authorized in Case No. PU-17-468. This increase is primarily attributable to a reduction in the SPP revenue credit and an increase in SPP Schedules 9 and 11 charges, offset by an increase in MISO Schedule 9 revenue.

The proposed TCA rates also reflect a decrease in the deferred account surcharge from the amount included in the Company's current TCA rates that was authorized in Case No. PU-16-666 and implemented with rates August 7, 2017. As shown on Exhibit 4, the proposed surcharge rates reflect the deferred balance projected through December 2018. The amount to be recovered has been reduced by the non-plant related excess deferred income taxes credit (non-plant EDITs) remaining after the elimination of the deferred balances of the Company's Environmental Cost Recovery Rider and Generation Resource Recovery Riders as provided for in the Settlement Agreement approved in Montana-Dakota's Tax Reform docket, Case No. PU-18-89.

- *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 2018. As shown on Exhibit 4, the Company is projecting that \$1,066,521 will be available to be applied to the deferred balance to reflect the remaining balance of the non-plant EDITs. The credit was applied on an equal monthly basis for all of 2018. The final amount of the credit associated with the non-plant EDITs will be trued up in the next TCA filing. 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 2019 transmission-related expenses, revenues and credits for the twelve months ended December 31, 2019.
  - 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 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 2019 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

May 1, 2018 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 2019 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 May 1, 2018 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 2019 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.

- 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. Proposed Rate 59 Tariff Changes**

Montana-Dakota is also proposing two additional changes to the Rate 59 tariff:

- (1) to remove "as of November 1 of each year" from paragraph 2a of Original Sheet No. 43 and
- (2) to add the language "where contract does not provide for TCA applicability" following "except those served under special contract" of paragraph 2b of Original Sheet No. 43.

The deletion of the November 1 date from the tariff removes the link between an identified filing date within the tariff and the 90-day review period agreed to for all the Company's electric rates riders. The 90-day review period was agreed to in the Settlement Agreement approved by the Commission in Case No. PU-16-666. In addition, the removal of the November 1 date provides the Company some flexibility as to the filing date without having to submit a waiver of its tariff in the event the November 1 filing date cannot be met.

The clarifying revision to the contract rate exclusion language is necessary to recognize that, while each of the special rate contracts have been updated to include the applicability of the Company's current, and future, electric rate riders, not all include the TCA applicability for 2019. The inclusion of these special rate contracts is a benefit to all customers and provides for a lesser increase of TCA costs in 2019 for all rate classes.

## **VI. Estimated Impact by Customer Class**

As shown in Exhibit 2, Montana-Dakota's projected 2019 costs to be recovered under the TCA rates as allocated to North Dakota are \$8,595,813. A residential customer using 894 Kwh a month would see a decrease of \$0.69 per month under the proposed TCA rates or a decrease of \$8.28 annually. Montana-Dakota requests approval of the following TCA rates to be effective February 1, 2019:

	Proposed Rate	Current Rate	Change
Residential & Small General Rate/Kwh	\$0.00446	\$0.00523	(\$0.00077)
Large General/Kwh	\$0.00372	\$0.00444	(\$0.00072)
Lighting/Kwh	\$0.00209	\$0.00204	\$0.00005

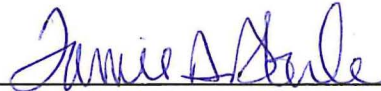
Montana-Dakota has included as Exhibit 6 a Customer Notice to be included with customer's bills starting thirty days from date of filing in accordance with NDCC § 69-09-02-02.1 requiring a notice to be provided to customers, within thirty days after filing, informing customers of the Company's request 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.

## **VII. Conclusion**

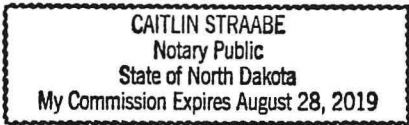
Montana-Dakota respectfully requests that the Commission approve this annual update to the Company's TCA rates, as well as the two language changes to paragraph 2 of the Rate 59 tariff to be effective with service rendered on and after February 1, 2019.

Dated this 1<sup>st</sup> day of November 2018



Tamie A. Aberle  
Director of Regulatory Affairs

Subscribed and sworn to before me this 1<sup>st</sup> day of November 2018



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**

# **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

NDPSC Volume 4  
1<sup>st</sup> Revised Sheet No. 43  
Canceling Original Sheet No. 43

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### TRANSMISSION COST ADJUSTMENT Rate 59

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Page 1 of 2

**1. Applicability:**

This rate schedule represents a Transmission Cost Adjustment (TCA) and specifies the procedure to be utilized to recover the net balance of the capital and operating costs and revenue credits of Montana-Dakota's transmission related expenses and revenues determined to be eligible for recovery in accordance with 49-05-04.3 NDCC. Costs to be recovered under the Transmission Adjustment shall include new or modified transmission facilities such as transmission lines and other transmission related equipment such as substations, transformers and other equipment constructed to improve the power delivery capability or reliability of the transmission system as well as federally regulated costs charged to or incurred by the Company to increase regional transmission capacity or reliability that are not reflected in the rates established in the most recent general rate case.

**2. Transmission Cost Adjustment:**

- a. An adjustment per Kwh will be determined based on the cumulative transmission related costs and revenue credits eligible for recovery and as allocated to the North Dakota jurisdiction and the projected Kwh sales for the recovery period. The adjustment will also include a return requirement on the capital investments based on the authorized rate of return and a true-up of the previous year's adjustment, as described in 2(d).
- b. The adjustment will be applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not provide for TCA applicability, and allocated among the rate classes based on the transmission allocation factor from Montana-Dakota's most recent North Dakota general rate case.
- c. The adjustment per Kwh will be revised annually to reflect the current level of costs to be recovered.

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**Date Filed:** November 1, 2018

**Effective Date:**

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

**Case No.:**



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

### 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	0.446¢ per Kwh
Large General	0.372¢ per Kwh
Lighting	0.209¢ per Kwh

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**Date Filed:** November 1, 2018

**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

NDPSC Volume 4  
Original Sheet No. 43

### TRANSMISSION COST ADJUSTMENT Rate 59

Page 1 of 2

**1. Applicability:**

This rate schedule represents a Transmission Cost Adjustment (TCA) and specifies the procedure to be utilized to recover the net balance of the capital and operating costs and revenue credits of Montana-Dakota's transmission related expenses and revenues determined to be eligible for recovery in accordance with 49-05-04.3 NDCC. Costs to be recovered under the Transmission Adjustment shall include new or modified transmission facilities such as transmission lines and other transmission related equipment such as substations, transformers and other equipment constructed to improve the power delivery capability or reliability of the transmission system as well as federally regulated costs charged to or incurred by the Company to increase regional transmission capacity or reliability that are not reflected in the rates established in the most recent general rate case.

**2. Transmission Cost Adjustment:**

- a. An adjustment per Kwh will be determined based on the cumulative transmission related costs and revenue credits eligible for recovery and as allocated to the North Dakota jurisdiction as of November 1 of each year and the projected Kwh sales for the recovery period. The adjustment will also include a return requirement on the capital investments based on the authorized rate of return and a true-up of the previous year's adjustment, as described in 2(d).
- b. The adjustment will be applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not provide for TCA applicability, and allocated among the rate classes based on the transmission allocation factor from Montana-Dakota's most recent North Dakota general rate case.
- c. The adjustment per Kwh will be revised annually to reflect the current level of costs to be recovered.

**Date Filed:** October 21, 2011

**Effective Date:** Service rendered on and after June 1, 2012

**Issued By:** Tamie A. Aberle  
Regulatory Affairs Manager

**Case No.:** PU-11-672



# 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

NDPSC Volume 4  
6<sup>th</sup> Revised Sheet No. 43.1  
5<sup>th</sup> Revised Sheet No. 43.1

### TRANSMISSION COST ADJUSTMENT Rate 59

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	0.5230.446¢ per Kwh
Large General	0.4440.372¢ per Kwh
Lighting	0.2040.209¢ per Kwh

Date Filed: November 21, 2017

Effective Date: Service rendered on and after March 19, 2018

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.: PU-17-468

**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/	\$8,211,579	\$3,853,839	\$4,311,805	\$45,935
Under/(Over) Balance 3/	384,234	180,328	201,757	2,149
Net Transmission Expense	<u>8,595,813</u>	<u>4,034,167</u>	<u>4,513,562</u>	<u>48,084</u>
Projected Kwh 4/	2,143,302,694	905,126,965	1,215,168,775	23,006,954
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00426	\$0.00355	\$0.00200
Amortization per Kwh		0.00020	0.00017	0.00009
Proposed TCA Rate per Kwh		<u>0.00446</u>	<u>0.00372</u>	<u>0.00209</u>
Current TCA Rate per Kwh 5/				
Revenue Requirement per Kwh		\$0.00411	\$0.00349	\$0.00160
Amortization per Kwh 6/		0.00112	0.00095	0.00044
Current TCA Rate per Kwh		<u>0.00523</u>	<u>0.00444</u>	<u>0.00204</u>
Change in TCA Rate		<u>(\$0.00077)</u>	<u>(\$0.00072)</u>	<u>\$0.00005</u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.931766%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	52.508836%	(Rates 30, 31, 32, 38, and 48)
Lighting	0.559398%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4

4/ Projected Kwh sales, excluding contracted rate customer(s) not currently subject to the TCA.

5/ Current TCA rates effective March 19, 2018.

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

**Montana-Dakota Utilities Co.**  
**Transmission Cost Adjustment**  
**Summary of Revenue and Expenses Allocated to North Dakota**  
**Projected 2019**

	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
<b>MISO</b>													
Revenue/Credits													
Schedule 1	11,136	11,136	11,136	11,136	11,136	11,136	11,136	11,136	11,136	11,136	11,136	11,138	133,634
Schedule 2	28,303	28,303	28,303	28,303	28,303	28,303	28,303	28,303	28,303	28,303	28,303	28,297	339,630
Schedule 7	117,882	117,882	117,882	117,882	117,882	117,882	117,882	117,882	117,882	117,882	117,882	117,882	1,414,584
Schedule 8	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,306	27,617
Schedule 9	349,479	349,479	349,479	349,479	349,479	349,479	349,479	349,479	349,479	349,479	349,479	349,484	4,193,753
NITS Cust Rev Req.	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,927)	(60,921)	(731,118)
Schedule 24	60,387	60,387	60,387	60,387	60,387	60,387	60,387	60,387	60,387	60,387	60,387	60,387	724,644
Schedule 26	97,544	97,544	97,544	97,544	97,544	97,544	97,544	97,544	97,544	97,544	97,544	97,547	1,170,531
	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,120	7,273,275
<b>Charges</b>													
Schedule 10													
MISO - FERC Energy	49,666	49,666	49,666	49,666	49,666	49,666	49,666	49,666	49,666	49,666	49,666	49,667	595,993
MISO - FERC Demand	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,674	44,066
FERC Direct	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,891	178,758
	68,235	68,235	68,235	68,235	68,235	68,235	68,235	68,235	68,235	68,235	68,235	68,232	818,817
Schedule 26	214,887	214,887	214,887	214,887	214,887	214,887	214,887	214,887	214,887	214,887	214,887	214,890	2,578,647
Schedule 26A	550,943	517,188	485,266	439,208	426,541	432,134	510,543	478,362	451,982	437,840	497,831	562,128	5,789,966
A&G Retail Rate Credit	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,593)	(95,592)	(1,147,115)
	738,472	704,717	672,795	626,737	614,070	619,663	698,072	665,891	639,511	625,369	685,360	749,658	8,040,315

**Montana-Dakota Utilities Co.**  
**Transmission Cost Adjustment**  
**Summary of Revenue and Expenses Allocated to North Dakota**  
**Projected 2019**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
SPP													
Revenue/Credits													
Facility Credits	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,991	10,319,958
Charges													
Schedule 1	61,454	61,454	61,454	61,454	61,454	61,454	61,454	61,454	61,454	61,454	61,454	61,452	737,446
Schedule 1a	92,050	92,050	92,050	92,050	92,050	92,050	92,050	92,050	92,050	92,050	92,050	92,053	1,104,603
Schedule 9	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,718	1,510,713	18,128,611
Schedule 11	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	1,235,592
Schedule 12	12,452	12,452	12,452	12,452	12,452	12,452	12,452	12,452	12,452	12,452	12,452	12,450	149,422
	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,634	21,355,674
Total Company Revenue/Credits													
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	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,105	606,120	7,273,275
SPP	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,997	859,991	10,319,958
	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,435	1,486,448	17,837,233
Allocated to ND 1/	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,055,993	1,056,003	12,671,926
Total Company Charges													
MISO	738,472	704,717	672,795	626,737	614,070	619,663	698,072	665,891	639,511	625,369	685,360	749,658	8,040,315
SPP	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,640	1,779,634	21,355,674
	2,518,112	2,484,357	2,452,435	2,406,377	2,393,710	2,399,303	2,477,712	2,445,531	2,419,151	2,405,009	2,465,000	2,529,292	29,395,989
Allocated to ND 1/	1,788,918	1,764,937	1,742,259	1,709,539	1,700,540	1,704,513	1,760,217	1,737,355	1,718,614	1,708,567	1,751,186	1,796,860	20,883,505
Net ND Expense	\$732,925	\$708,944	\$686,266	\$653,546	\$644,547	\$648,520	\$704,224	\$681,362	\$662,621	\$652,574	\$695,193	\$740,857	\$8,211,579

1/ Allocated to ND on Factor 15 Integrated System 12 Month Peak Demand: 71.042017%

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

**Cumulative**

	Beginning Balance	Less:	Add:	Less:	Ending Balance 4/	Carrying Charge Calculation			Grand Total (Over)/Under Collection
		Amortization Recovery 1/	Current Year Over/Under 2/	Non-plant EDIT 3/		Deferred Income Tax	Net Balance	Rate 5/	
September 2017					3,907,696 6/	1,477,168	2,430,528		3,930,442 6/
October	3,907,696	152,923			3,754,773	1,419,361	2,335,412	1.0700%	3,779,686
November	3,754,773	153,392			3,601,381	1,361,376	2,240,005	1.2300%	3,628,688
December	3,601,381	183,694			3,417,687	834,083	2,583,604	1.3200%	3,447,458
January 2018	3,417,687	237,595	(110,276)	88,877	2,980,939	727,495	2,253,444	1.4100%	3,013,746
February	2,980,939	196,995	101,153	88,877	2,796,220	682,415	2,113,805	1.5700%	2,831,975
March	2,796,220	207,811	(35,980)	88,877	2,463,552	601,227	1,862,325	1.7000%	2,502,302
April	2,463,552	175,646	13,327	88,877	2,212,356	539,923	1,672,433	1.7600%	2,253,837
May	2,212,356	158,621	(2,505)	88,877	1,962,353	478,910	1,483,443	1.8600%	2,006,426
June	1,962,353	163,029	5,039	88,877	1,715,486	418,663	1,296,823	1.9000%	1,761,908
July	1,715,486	174,185	20,031	88,877	1,472,455	359,351	1,113,104	1.9600%	1,520,995
August	1,472,455	194,920	43,163	88,877	1,231,821	300,625	931,196	2.0300%	1,282,244
September	1,231,821	156,446	125,596	88,877	1,112,094	271,405	840,689	2.1300%	1,164,170
October - Est.	1,112,094	152,035	102,996	88,877	974,178	237,747	736,431	2.1300%	1,027,746
November - Est.	974,178	179,203	3,279	88,877	709,377	173,123	536,254	2.1300%	764,252
December - Est.	709,377	204,075	(88,021)	88,874	328,407	80,147	248,260	2.1300%	384,234
Total		2,200,561	177,802	1,066,521				26,056	

1/ Deferred revenue collected on actual sales volume through September 2018 and projected sales for October 2018 - December 2018 and the approved amortization rates authorized in Case No. PU-16-666.

2/ Net of current year monthly revenue requirement (Exhibit 4, page 3) and recovery of current revenue based on the revenue requirement rate approved in Case No. PU-17-468.

	Revenue Requirement	Current Revenue	(Over)/Under Collection	Current Year Cumulative (Over)/Under
January 2018	492,331	602,607	(110,276)	(110,276)
February	601,216	500,063	101,153	(9,123)
March	494,660	530,640	(35,980)	(45,103)
April	583,957	570,630	13,327	(31,776)
May	539,767	542,272	(2,505)	(34,281)
June	561,217	556,178	5,039	(29,242)
July	618,620	598,589	20,031	(9,211)
August	711,363	668,200	43,163	33,952
September	661,353	535,757	125,596	159,548
October - Est.	661,194	558,198	102,996	262,544
November - Est.	661,194	657,915	3,279	265,823
December - Est.	661,191	749,212	(88,021)	177,802
Total	7,248,063	7,070,261		

3/ Pursuant to settlement in Commission Order in Case No. PU-18-89, balance reduced by non-plant excess deferred taxes credit.

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

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

6/ Ending Over/Under balance as of September 30, 2017 per Case No. PU-17-468, Exhibit 4, page 1.

Montana-Dakota Utilities Co.  
 Electric Utility - North Dakota  
 Transmission Cost Recovery Rider  
 Summary of Revenue and Expenses Allocated to North Dakota  
 Twelve Months Ended December 31, 2018

	Per Books									Projected			Total
	January	February	March	April	May	June	July	August	September	October	November	December	
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	5,941	3,105	3,568	3,379	3,170	2,913	2,946	2,959	2,820	2,820	2,820	2,820	39,261
Schedule 2	33,743	26,144	31,312	28,636	27,389	26,823	26,874	27,115	26,572	26,572	26,572	26,572	334,324
Schedule 7	122,959	112,601	115,831	96,009	118,743	114,990	117,391	118,021	113,203	113,203	113,203	113,203	1,369,357
Schedule 8	7,328	2,630	2,469	2,225	1,896	1,227	1,872	1,611	1,712	1,712	1,712	1,712	28,106
Schedule 9	517,703	327,573	414,639	264,753	296,678	305,136	290,323	297,786	301,675	301,675	301,675	301,675	3,921,291
Sch. 9 Pay to Basin	(52,747)	(52,747)	(52,747)	(52,747)	(52,747)	(61,876)	(61,876)	(61,876)	(61,876)	(61,876)	(61,876)	(61,876)	(696,867)
Schedule 24	60,167	56,042	63,880	54,951	71,474	62,749	63,587	73,644	60,368	60,368	60,368	60,368	747,966
Schedule 26	90,493	78,212	69,434	51,583	90,706	95,790	98,370	96,054	90,650	90,650	90,650	90,650	1,033,242
Schedule 37	955	955	853	649	853	857	857	857	857	857	857	857	10,264
Schedule 38	1,200	1,200	1,083	848	1,083	1,051	1,051	1,051	1,051	1,051	1,051	1,051	12,771
	787,742	555,715	650,322	450,286	559,245	549,660	541,395	557,222	537,032	537,032	537,032	537,032	6,799,715
Charges													
Schedule 10													
Energy	56,472	56,829	52,745	54,318	41,287	39,232	47,513	43,538	37,012	37,012	37,012	37,012	539,982
Demand	4,114	4,140	3,842	3,957	3,008	3,507	3,461	3,172	2,696	2,696	2,696	2,696	39,985
FERC	15,997	16,779	11,460	13,060	12,719	15,248	18,050	18,000	11,392	11,392	11,392	11,392	166,881
	76,583	77,748	68,047	71,335	57,014	57,987	69,024	64,710	51,100	51,100	51,100	51,100	746,848
Schedule 11 - Misc	244	0	(864)	(68)	(1)	(1)	296	(1)	0	0	0	0	(395)
Schedule 26	169,897	171,668	124,090	46,827	133,471	149,433	170,217	172,048	124,272	124,272	124,272	124,272	1,634,739
Schedule 26A	446,907	435,078	261,041	309,680	291,216	308,858	366,548	342,404	285,629	285,629	285,629	285,629	3,904,248
Total MISO Charges	693,631	684,494	452,314	427,774	481,700	516,277	606,085	579,161	461,001	461,001	461,001	461,001	6,285,440

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Transmission Cost Recovery Rider**  
**Summary of Revenue and Expenses Allocated to North Dakota**  
**Twelve Months Ended December 31, 2018**

	Per Books									Projected			Total
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>SPP</b>													
Revenue/Credits													
Facility Credits	1,164,465	689,593	781,553	854,291	854,291	854,291	854,291	854,291	854,291	854,291	854,291	854,291	10,324,230
Charges													
Schedule 1	115,343	42,075	63,233	42,844	58,937	42,062	(1,459)	133,109	48,779	48,779	48,779	48,779	691,260
Schedule 1a	93,519	94,350	77,278	104,708	89,028	98,262	8,399	178,516	95,031	95,031	95,031	95,031	1,124,184
Schedule 2	0	0	0	0	0	0	47,608	(47,608)	223	0	0	0	223
Schedule 8	0	0	0	0	0	2,432	90,750	(91,966)	0	0	0	0	1,216
Schedule 9	1,676,739	1,154,970	1,417,501	1,448,173	1,442,767	1,435,512	1,426,737	1,454,473	1,459,839	1,459,839	1,459,839	1,459,839	17,296,228
Schedule 11	71,192	115,774	124,161	110,728	109,701	108,865	108,918	198,254	265,829	265,829	265,829	265,829	2,010,909
Schedule 12	15,129	20,260	14,014	12,672	11,521	10,853	(239)	29,234	11,886	11,886	11,886	11,886	160,988
<b>Total SPP Charges</b>	<b>1,971,922</b>	<b>1,427,429</b>	<b>1,696,187</b>	<b>1,719,125</b>	<b>1,711,954</b>	<b>1,697,986</b>	<b>1,680,714</b>	<b>1,854,012</b>	<b>1,881,587</b>	<b>1,881,364</b>	<b>1,881,364</b>	<b>1,881,364</b>	<b>21,285,008</b>
<b>Total 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	787,742	555,715	650,322	450,286	559,245	549,660	541,395	557,222	537,032	537,032	537,032	537,032	6,799,715
SPP	1,164,465	689,593	781,553	854,291	854,291	854,291	854,291	854,291	854,291	854,291	854,291	854,291	10,324,230
	<b>1,972,540</b>	<b>1,265,641</b>	<b>1,452,208</b>	<b>1,324,910</b>	<b>1,433,869</b>	<b>1,424,284</b>	<b>1,416,019</b>	<b>1,431,846</b>	<b>1,411,656</b>	<b>1,411,656</b>	<b>1,411,656</b>	<b>1,411,660</b>	<b>17,367,945</b>
Allocated to ND 1/	1,401,332	899,137	1,031,678	941,243	1,018,649	1,011,840	1,005,968	1,017,212	1,002,869	1,002,869	1,002,869	1,002,872	12,338,538
<b>Total Charges:</b>													
MISO	693,631	684,494	452,314	427,774	481,700	516,277	606,085	579,161	461,001	461,001	461,001	461,001	6,285,440
SPP	1,971,922	1,427,429	1,696,187	1,719,125	1,711,954	1,697,986	1,680,714	1,854,012	1,881,587	1,881,364	1,881,364	1,881,364	21,285,008
	<b>2,665,553</b>	<b>2,111,923</b>	<b>2,148,501</b>	<b>2,146,899</b>	<b>2,193,654</b>	<b>2,214,263</b>	<b>2,286,799</b>	<b>2,433,173</b>	<b>2,342,588</b>	<b>2,342,365</b>	<b>2,342,365</b>	<b>2,342,365</b>	<b>27,570,448</b>
Allocated to ND 1/	1,893,663	1,500,353	1,526,338	1,525,200	1,558,416	1,573,057	1,624,588	1,728,575	1,664,222	1,664,063	1,664,063	1,664,063	19,586,601
<b>Net Expense - ND</b>	<b>\$492,331</b>	<b>\$601,216</b>	<b>\$494,660</b>	<b>\$583,957</b>	<b>\$539,767</b>	<b>\$561,217</b>	<b>\$618,620</b>	<b>\$711,363</b>	<b>\$661,353</b>	<b>\$661,194</b>	<b>\$661,194</b>	<b>\$661,191</b>	<b>\$7,248,063</b>

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

71.042017%

**Montana-Dakota Utilities Co.**  
**Electric Utility**  
**MISO Revenue Schedules 1, 2, 7, 8, and 24**  
**Projected 2019**

	<u>Schedule 1 1/</u>	<u>Schedule 2 1/</u>	<u>Schedule 7 1/</u>	<u>Schedule 8 1/</u>	<u>Schedule 24 1/</u>
January	\$11,136	\$28,303	\$117,882	\$2,301	\$60,387
February	11,136	28,303	117,882	2,301	60,387
March	11,136	28,303	117,882	2,301	60,387
April	11,136	28,303	117,882	2,301	60,387
May	11,136	28,303	117,882	2,301	60,387
June	11,136	28,303	117,882	2,301	60,387
July	11,136	28,303	117,882	2,301	60,387
August	11,136	28,303	117,882	2,301	60,387
September	11,136	28,303	117,882	2,301	60,387
October	11,136	28,303	117,882	2,301	60,387
November	11,136	28,303	117,882	2,301	60,387
December	11,138	28,297	117,882	2,306	60,387
	<u>133,634</u>	<u>339,630</u>	<u>1,414,584</u>	<u>27,617</u>	<u>724,644</u>

1/ Twelve months ended August 31, 2018.

**Montana-Dakota Utilities Co.**  
**Electric Utility**  
**MISO Schedule 9 Revenue, BEPC Payments & Credits, and**  
**Facility Sharing Agreement Revenue**  
**Projected 2019**

	MISO Sch 9 Revenue 1/	Payments to Basin 2/	Basin Facility Sharing Agreements 3/
January	\$349,479	(\$60,927)	\$20,333
February	349,479	(60,927)	20,333
March	349,479	(60,927)	20,333
April	349,479	(60,927)	20,333
May	349,479	(60,927)	20,333
June	349,479	(60,927)	20,333
July	349,479	(60,927)	20,333
August	349,479	(60,927)	20,333
September	349,479	(60,927)	20,333
October	349,479	(60,927)	20,333
November	349,479	(60,927)	20,333
December	349,484	(60,921)	20,337
	<u>4,193,753</u>	<u>(731,118)</u>	<u>244,000</u>

1/ Twelve months ended August 31, 2018.

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 2019**

	Schedule 10 1/		
	MISO - Energy	MISO - Demand	FERC - Direct
January	\$49,666	\$3,672	\$14,897
February	49,666	3,672	14,897
March	49,666	3,672	14,897
April	49,666	3,672	14,897
May	49,666	3,672	14,897
June	49,666	3,672	14,897
July	49,666	3,672	14,897
August	49,666	3,672	14,897
September	49,666	3,672	14,897
October	49,666	3,672	14,897
November	49,666	3,672	14,897
December	49,667	3,674	14,891
	<u>595,993</u>	<u>44,066</u>	<u>178,758</u>

1/ Twelve months ended August 31, 2018.

**Montana-Dakota Utilities Co.  
Electric Utility  
MISO Schedule 26 Expense  
Projected 2019**

	Charges 1/	Revenue 2/
January	\$214,887	\$97,544
February	214,887	97,544
March	214,887	97,544
April	214,887	97,544
May	214,887	97,544
June	214,887	97,544
July	214,887	97,544
August	214,887	97,544
September	214,887	97,544
October	214,887	97,544
November	214,887	97,544
December	214,890	97,547
Total	\$2,578,647	\$1,170,531

1/ Schedule 26 indicative costs posted by MISO as of May 1, 2018:  
\$2,578,647

2/ Montana-Dakota's projected 2019 revenue requirement for its MTEP  
project 1355 (Heskett Substation) recovered under Schedule 26  
\$1,170,531

**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/	Total Integrated Requirements MWH 3/	Total MVP Charges (excl. BSSE Retail Rev. Req.) 4/		
January	\$1,232,746	\$9,122	322,189	\$541,821	\$550,943	\$95,593
February	1,232,746	9,122	302,449	508,066	517,188	95,593
March	1,232,746	9,122	283,781	476,144	485,266	95,593
April	1,232,746	9,122	256,847	430,086	439,208	95,593
May	1,232,746	9,122	249,439	417,419	426,541	95,593
June	1,232,746	9,122	252,710	423,012	432,134	95,593
July	1,232,746	9,122	298,563	501,421	510,543	95,593
August	1,232,746	9,122	279,744	469,240	478,362	95,593
September	1,232,746	9,122	264,317	442,860	451,982	95,593
October	1,232,746	9,122	256,047	428,718	437,840	95,593
November	1,232,746	9,122	291,129	488,709	497,831	95,593
December	1,232,748	9,126	328,730	553,002	562,128	95,592
<b>Total</b>	<b>\$14,792,954</b>	<b>\$109,468</b>	<b>3,385,945</b>	<b>\$5,680,498</b>	<b>\$5,789,966</b>	<b>\$1,147,115</b>

1/ Montana-Dakota's Projected 2019 Revenue Requirement (Attachment MM) for the BSSE MVP projected to be recovered under Schedule 26A \$14,792,954

2/ Montana-Dakota's estimated retail portion of its BSSE project based on Montana-Dakota's load ratio share in the MISO footprint: 0.74% 6/

3/ Electric Load Forecast from 2018 Plan.

4/ Montana-Dakota's Indicative Annual MVP Charges for Approved MVPs as of May 1, 2018: \$1.71

5/ Revenue credit for administrative and general O&M expenses recovered through MISO Attachment MM

Montana-Dakota's Projected 2019 Attachment MM's Other O&M Expense, Line 4b

Projected Gross Plant in Service (CWIP) from Attachment MM

Annual A&G Retail Credit

0.87%  
\$131,852,246  

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\$1,147,115

6/ Montana-Dakota's total MVP charges including the BSSE project.

MDU Projected 2019 MWh Withdrawals - 5/1/2018 update 3,332,480

Total MISO MWh Withdrawals 448,519,977

Montana-Dakota's load share in MISO footprint 0.74%

**Montana-Dakota Utilities Co.  
Electric Utility  
SPP Revenue and Expenses  
Projected 2019**

	SPP Sch 1 1/	SPP Sch 1a 1/	Sch 9 NITS 1/	Sch 9 Fac. Credit 2/	SPP Sch 11	SPP Sch 12 1/
January	\$61,454	\$92,050	\$1,510,718	(\$859,997)	\$102,966	\$12,452
February	61,454	92,050	1,510,718	(859,997)	102,966	12,452
March	61,454	92,050	1,510,718	(859,997)	102,966	12,452
April	61,454	92,050	1,510,718	(859,997)	102,966	12,452
May	61,454	92,050	1,510,718	(859,997)	102,966	12,452
June	61,454	92,050	1,510,718	(859,997)	102,966	12,452
July	61,454	92,050	1,510,718	(859,997)	102,966	12,452
August	61,454	92,050	1,510,718	(859,997)	102,966	12,452
September	61,454	92,050	1,510,718	(859,997)	102,966	12,452
October	61,454	92,050	1,510,718	(859,997)	102,966	12,452
November	61,454	92,050	1,510,718	(859,997)	102,966	12,452
December	61,452	92,053	1,510,713	(859,991)	102,966	12,450
	<u>737,446</u>	<u>1,104,603</u>	<u>18,128,611</u>	<u>(10,319,958)</u>	<u>1,235,592</u>	<u>149,422</u>

1/ Twelve months ended August 31, 2018.

2/ SPP Section 30.9 Facility Credits for 2019

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

On November 1, 2018, Montana-Dakota Utilities Co. (Montana-Dakota) filed an 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 Midcontinent 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 a projected under-recovery of the deferred TCA balance.

Montana-Dakota has requested the proposed TCA rates be effective with service rendered on and after February 1, 2019, 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 a decrease of \$0.69 per month or a decrease of \$8.28 annually. 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	\$0.00523 per Kwh
Proposed Rate	\$0.00446 per Kwh
Change	(\$0.00077) per Kwh
	Large General
Applicable Rate Schedules	30, 31, 32, 38, & 48
Current Rate	\$0.00444 per Kwh
Proposed Rate	\$0.00372 per Kwh
Change	(\$0.00072) per Kwh
	Lighting
Applicable Rate Schedules	41 & 52
Current Rate	\$0.00204 per Kwh
Proposed Rate	\$0.00209 per Kwh
Change	\$0.00005 per Kwh

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