



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 20, 2018

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

Re: Annual Updates to Montana-Dakota's  
Rate Riders Case Nos. PU-18-379,  
PU-18-380 and PU-18-381

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits substitute tariff revisions to the tariffs recently submitted in the Company's annual updates to its three electric rate riders: (1) Renewable Resource Cost Adjustment Rate 55 Case No. PU-18-381 filed on November 2, 2018, (2) Generation Resource Recovery Rider Rate 56 Case No. PU-18-380 filed on November 2, 2018, and (3) Transmission Cost Adjustment Rate 59 Case No. PU-18-379 filed on November 1, 2018.

On November 16, 2018, Commission Staff requested clarification of the proposed tariff language regarding the applicability of rate riders to contracted rate customers. To incorporate Commission Staff's suggested language clarification onto the proposed tariffs, Montana-Dakota submits the following substitute tariffs:

- Substitute 3<sup>rd</sup> Revised Sheet No. 39 (Renewable Resource Cost Adjustment)
- Substitute 4<sup>th</sup> Revised Sheet No. 40 (Generation Resource Recovery Rider)
- Substitute 1<sup>st</sup> Revised Sheet No. 43 (Transmission Cost Adjustment)

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

- 9 PU-18-381 Filed 11/20/2018 Pages: 8  
Annual Update to Rate Riders Substitute Tariff Filing
- 9 PU-18-380 Filed 11/20/2018 Pages: 8  
Annual Update to Rate Riders Substitute Tariff Filing
- 9 PU-18-379 Filed 11/20/2018 Pages: 8  
Annual Update to Rate Riders Substitute Tariff Filing



# 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

Substitute 3<sup>rd</sup> Revised Sheet No. 39

Canceling 2<sup>nd</sup> Revised Sheet No. 39

### Renewable Resource Cost Adjustment Rate 55

Page 1 of 1

**1. Applicability:**

This rate schedule represents a Renewable Resource Cost Adjustment (RRCA) and specifies the procedure to be utilized to recover the jurisdictional costs associated with renewable generation resource modifications or additions approved by the Commission, but not recovered through retail rates. Costs to be recovered may include operation and maintenance expenditures, depreciation, taxes, and a current return on the project costs.

**2. Renewable Resource Cost Adjustment:**

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the RRCA rates. The return component of the revenue requirement calculation will include the return on equity established in the Company's most recent rate case.
- b. The RRCA is applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not express RRCA applicability, and are allocated amongst the rate classes based on the Company's Demand/Energy Factor No. 3 established in the Company's most recent general rate case.
- c. The RRCA will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the RRCA based on actual expenditures from the preceding twelve month recovery 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. Renewable Resource Cost Adjustment:**

Residential & Small General	0.777¢ per Kwh
Large General	0.754¢ per Kwh
Lighting	0.813¢ per Kwh

Date Filed: November 20, 2018

Effective Date:

Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Case No.: PU-18-381



# 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

Substitute 4<sup>th</sup> Revised Sheet No. 40

Canceling 3<sup>rd</sup> Revised Sheet No. 40

### Generation Resource Recovery Rider Rate 56

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#### **Applicability:**

This rate schedule represents a Generation Resource Recovery Rider (GRRR) and specifies the procedure to be utilized to recover the jurisdictional costs associated with generation resource additions approved by the Commission but not recovered through retail rates. Costs to be recovered may include operations and maintenance expenditures, depreciation, taxes, and a current return on the project costs during construction. Costs being recovered under this tariff are currently not included in the rates established at the time of the Company's last general rate case.

#### **1. Generation Resource Recovery Rider:**

- a. The North Dakota jurisdictional GRRR revenue requirement will be allocated to the customer classes based on the Company's Demand Factor No. 2 established in the Company's most recent general rate case. The adjustment applied to the Residential, Small General Service and Lighting Classes will be calculated based on the customer class revenue requirement and the forecasted Kwh for the forecasted period. The adjustment applied to the Large General Service Class will be calculated based on the customer class revenue requirement and the forecasted demand for the forecasted period and expressed as a KW charge. The return component of the revenue requirement calculation will include the authorized return on equity specified in Case No. PU-16-666.
- b. The GRRR is applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not express GRRR applicability, and are allocated amongst the rate classes based on the applicable demand factor.
- c. The GRRR will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the GRRR based on actual expenditures from the preceding twelve month recovery 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.

**Date Filed:** November 20, 2018

**Effective Date:**

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

**Case No.:** PU-18-380



# 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

Substitute 1<sup>st</sup> Revised Sheet No. 43

Canceling 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 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 express 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:** November 20, 2018

**Effective Date:**

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

**Case No.:** PU-18-379

## **Tariffs Reflecting Proposed Changes**



# Montana-Dakota Utilities Co.

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

## State of North Dakota Electric Rate Schedule

NDPSC Volume 4  
2<sup>nd</sup> Revised Sheet No. 39  
Canceling 1<sup>st</sup> Revised Sheet No. 39

### Renewable Resource Cost Adjustment Rate 55

Page 1 of 1

#### 1. **Applicability:**

This rate schedule represents a Renewable Resource Cost Adjustment (RRCA) and specifies the procedure to be utilized to recover the jurisdictional costs associated with renewable generation resource modifications or additions approved by the Commission, but not recovered through retail rates. Costs to be recovered may include operation and maintenance expenditures, depreciation, taxes, and a current return on the project costs.

#### 2. **Renewable Resource Cost Adjustment:**

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the RRCA rates. The return component of the revenue requirement calculation will include the return on equity established in the Company's most recent rate case.
- b. The RRCA is applicable to all retail customers for electric energy sold, except those served under special contracts, where the contract does not express RRCA applicability, and are allocated amongst the rate classes based on the Company's Demand/Energy Factor No. 3 established in the Company's most recent general rate case.
- c. The RRCA will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the RRCA based on actual expenditures from the preceding twelve month recovery 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. **Renewable Resource Cost Adjustment:**

Residential & Small General	0.6070.777¢ per Kwh
Large General	0.5860.754¢ per Kwh
Lighting	0.5260.813¢ per Kwh

**Date Filed:** February 23, 2018

**Effective Date:** Service rendered on and after April 17, 2018

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

**Case No.:** PU-18-82



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
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## State of North Dakota Electric Rate Schedule

NDPSC Volume 4  
3<sup>rd</sup> Revised Sheet No. 40  
Canceling 2<sup>nd</sup> Revised Sheet No. 40

### Generation Resource Recovery Rider Rate 56

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#### **Applicability:**

This rate schedule represents a Generation Resource Recovery Rider (GRRR) and specifies the procedure to be utilized to recover the jurisdictional costs associated with generation resource additions approved by the Commission but not recovered through retail rates. Costs to be recovered may include operations and maintenance expenditures, depreciation, taxes, and a current return on the project costs during construction. Costs being recovered under this tariff are currently not included in the rates established at the time of the Company's last general rate case.

#### **1. Generation Resource Recovery Rider:**

- a. The North Dakota jurisdictional GRRR revenue requirement will be allocated to the customer classes based on the Company's Demand Factor No. 2 established in the Company's most recent general rate case. The adjustment applied to the Residential, Small General Service and Lighting Classes will be calculated based on the customer class revenue requirement and the forecasted Kwh for the forecasted period. The adjustment applied to the Large General Service Class will be calculated based on the customer class revenue requirement and the forecasted demand for the forecasted period and expressed as a KW charge. The return component of the revenue requirement calculation will include the authorized return on equity specified in Case No. PU-16-666.
- b. The GRRR is applicable to all retail customers for electric energy sold, except those served under special contracts, where the contract does not express GRRR applicability, and are allocated amongst the rate classes based on the applicable demand factor.
- c. The GRRR will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the GRRR based on actual expenditures from the preceding twelve month recovery 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.

**Date Filed:** November 27, 2017

**Effective Date:** Service rendered on and  
after April 17, 2018

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

**Case No.:** PU-17-469



# 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  
Original Sheet No. 43

### 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 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 express 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:** 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