



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

March 7, 2019

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

Re: Annual Update to the Renewable Resource
Cost Adjustment Rate 55
Case No. PU-18-381

Montana-Dakota Utilities Co. (Montana-Dakota) submits this letter into its Renewable Resource Cost Adjustment (RRCA) update docket to request the Commission accept the rates proposed in its November 2, 2018 filing.

Montana-Dakota was asked to provide a version of the RRCA that would spread the remaining production tax credit (PTC) benefits over the remaining life of each facility at the informal hearing on February 13, 2019 for the above referenced case.

The high-level analysis of this request was provided to Advisory Staff on February 20, 2019 and submitted in the docket on February 26, 2019. As noted in its February 26 response, the high-level analysis suggests that spreading the remaining PTCs over the remaining life of each of Montana-Dakota's wind facilities would provide some benefit in later years without requiring a significant increase at this time (estimated to be an increase of approximately \$4.00 per month more for a residential customer than the increase of \$1.52 proposed by the Company).

The Company requests the Commission accept the rates as proposed in its November 2, 2018 filing and provide the Company the opportunity to put together the more detailed analysis necessary to determine rates assuming this change to the application of PTCs, for consideration in the next filing that will be submitted on November 1, 2019.

The concern lies with the increasing under-recovered balance associated with the Renewable Rider and the time necessary to calculate new rates. As of January 31, 2019, the under-recovered balance has grown to approximately \$1.9 million as compared to approximately \$900,000 at the end of the year. The delay in implementation of updated RRCA rates will cause this balance to continue to grow.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads 'Tamie A. Aberle'.

Tamie A. Aberle
Director of Regulatory Affairs

Cc: Karl Liepitz