

November 1, 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 Tariff
Case No. PU-19-_____

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits for Commission approval an original and (7) copies of the Company's Application to update its Renewable Resource Cost Adjustment (RRCA) Rate 55 tariff pursuant to the terms of Rate 55 tariff which states that "[t]he RRCA will be adjusted annually to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule." Montana-Dakota requests approval of 4th Revised Sheet No. 39 of its electric tariff, provided herein as Exhibit 1, to be effective with service rendered on and after February 1, 2020.

Montana-Dakota is requesting to update its RRCA rates to reflect the projected costs through December 31, 2020 related to the Company's investment in the Thunder Spirit Wind Project, Cedar Hills Wind Project, and Diamond Willow Wind Project. The total projected 2020 costs as allocated to North Dakota are \$14,714,968. The projected 2020 RRCA rates also reflect a projected under-recovered balance of the current RRCA costs of \$2,840,713 for a total cost of \$17,555,681 to be collected through the proposed RRCA rates. The total costs to be recovered through the proposed rates represent an increase of \$1,174,248 from the revenues currently being collected under the RRCA. All costs to be recovered through the RRCA rates are currently not being recovered through Montana-Dakota's North Dakota retail electric rates.

A residential customer using 894 Kwh would see a total increase of \$0.75 per month from the currently authorized charge under Rate 55, representing an increase of \$9.00 annually. This change will constitute an increase of approximately .78% in a residential customer's total bill. The proposed Renewable Resource Cost Adjustments (RRCA) rates are shown below, along with the change from the current RRCA rates implemented April 1, 2019:

	Proposed Rate	Current Rate	Change
Residential & Small General Rate/Kwh	\$0.00861	\$0.00777	\$0.00084
Large General/Kwh	\$0.00783	\$0.00754	\$0.00029
Lighting/Kwh	\$0.00827	\$0.00813	\$0.00014

Pursuant to discussions with the Commission in the Company's last renewable rider update, Montana-Dakota prepared an analysis in order to match the projected Production Tax Credits (PTCs) with the projected required return on the assets associated with all wind facilities. Matching the PTCs with the required return will necessarily require the Company to create a rate base adjustment to properly account for any over or under collection of revenue from the return and expenses actually incurred.

The levelized analysis was prepared to cover a 20-year period based on a number of assumptions, including the following:

- All wind facilities will be productive for the entire 20-year period;
- PTCs will be generated based on the current capacity factor of each facility;
- Capital expenditures will remain even at \$1.0 million per year;
- The capital structure, debt and equity costs do not change for the entire period;
- Operation & maintenance expenses increase 3 to 3.5% per year; and
- Depreciation rates and decommissioning costs remain constant over the model period.

The results of the Company's analysis do show an overall net present value benefit of approximately 2% as a result of matching the PTCs to the required return each year; however, the change would require customers to pay considerably higher rates in the first six years which could potentially accumulate to approximately \$25 million during that period.

The monthly impact to an average residential customer for the revenue requirement for each year is shown in the table below:

Average Monthly Charge

Year	Current Method	PTCs Match Plant Return	Variance	%
2020	\$6.45	\$7.32	\$0.87	13.49%
2021	5.71	7.23	1.52	26.62%
2022	5.12	7.09	1.97	38.48%
2023	4.68	6.92	2.24	47.86%
2024	4.48	6.71	2.23	49.78%
2025	4.29	6.50	2.21	51.52%
2026	8.51	6.44	(2.07)	-24.32%
2027	8.36	6.51	(1.85)	-22.13%
2028	8.17	6.58	(1.59)	-19.46%
2029	9.81	6.70	(3.11)	-31.70%

Montana-Dakota continues to support the annual revenue requirement submitted in this filing, in large part because of the impact to customers in the early years and the high level of uncertainty included in the 20-year projection, and requests the Commission approved the filing as submitted.

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

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

Montana-Dakota submits a check in the amount of \$10,000 for the filing fees in this case. In the event the Commission deems an additional deposit is required, Montana-Dakota will submit the required fees.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please contact me at 701.222.7856 or tamie.aberle@mdu.com with any questions.

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.

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. for)
Approval its Annual Update to Renewable) Case No. PU-19-____
Resource Cost Adjustment Rate 55)

I. Summary of Application

Montana-Dakota Utilities Co. (Montana-Dakota or Applicant) herewith submits this Application to update the rates applicable under its Renewable Resource Cost Adjustment Rate 55 tariff pursuant to the terms of Rate 55 to reflect projected costs through December 2020 related to the Company's investment in its existing renewable generation resources; namely the Thunder Spirit Wind Project, Cedar Hills Wind Project, and Diamond Willow Wind Project. Montana-Dakota respectfully requests approval of its Renewable Resource Cost Adjustment Rate 55 tariff, 4th Revised Sheet No. 39, to be effective with service rendered on and after February 1, 2020. In support of the Company's Application, Montana-Dakota is providing the following Exhibits:

- Exhibit 1 - Renewable Resource Cost Adjustment Rate 55 4th Revised Sheet No. 39
- Exhibit 2 - Derivation of Proposed Rates
- Exhibit 3 - Projected 2020 Revenue Requirement
- Exhibit 4 - Balancing Account Summary, 2018 and 2019 Monthly Revenue Requirement Calculation
- Exhibit 5 - Revenue Requirement - Detail Schedule by Wind Project.
- Exhibit 6 - Customer Notice of Filing

II. Description of Applicant

Montana-Dakota is 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, 2019.

III. Background of Renewable Resource Recovery Rider Rate 55

On October 26, 2015, Montana-Dakota filed an application and notice to implement a Renewable Resource Cost Adjustment (RRCA) tariff and rates for purposes of recovering its investment in renewable generation resources, specifically the Thunder Spirit Wind Project ("TSW"), a 107.5 MW generation project located near Hettinger, North Dakota in Case No. PU-15-703. On January 5, 2016, the Commission approved a Settlement Agreement between Montana-Dakota and the Commission Advocacy Staff thereby authorizing the Company's RRCA Rate 55 tariff effective with service rendered on and after January 7, 2016 on an interim basis pending the outcome of a general electric rate case to be filed by the Company. On October 14, 2016, Montana-Dakota filed an application and notice to increase its electric service rates in Case No. PU-16-666, which included an update to the RRCA rates. On June 16, 2017, the Commission approved the Settlement Agreement entered into between Montana-

Dakota, the Commission Advocacy Staff, and the AARP, authorizing the recovery of the Company's existing wind facilities (Cedar Hills, Diamond Willow, and Thunder Spirit) through the Rate 55 tariff, as well as a true up of the over collected balance through December 31, 2016. The current RRCA rates were implemented effective with service rendered on and after April 1, 2019 in Case No. PU-18-381, and reflected the addition of the expansion to the Thunder Spirit Wind Project.

Montana-Dakota is now requesting to update its RRCA rates to reflect projected costs through December 2020 for all existing wind facilities (Cedar Hills, Diamond Willow and Thunder Spirit) and to include the projected under collected balance as of December 2019. The Company is proposing the rates proposed herein be effective with service rendered on and after February 1, 2020.

IV. Calculation of the Proposed RRCA Rates

The following exhibits are included herein in support of the Company's proposed RRCA rates and in accordance with the Company's Rate 55 tariff:

- *Exhibit 2* shows the proposed RRCA rates and the allocation of the total costs to each of the rate classes, including all special contracts. The total costs to be recovered include the projected RRCA under collected balance of \$2,840,713 as of December 31, 2019 and the projected 2020 revenue requirement of \$14,714,968 associated with Thunder Spirit, Cedar Hill, and Diamond Willows wind projects. Projected costs are then allocated to the rate classes based on the Company's Demand/Energy Factor No. 3, and divided by the forecasted billing determinants. The Demand/Energy Factor No. 3 from Case No. PU-16-

666 has been updated to reflect the inclusion of the special contract rate customers previously excluded from the allocator. The Company expects all rate riders to be applicable under the contracts by January 1, 2020.

- *Exhibit 3* shows the projected monthly revenue requirements for Montana-Dakota's wind projects for the year ending December 2020. The projected revenue requirement for the twelve months ending December 31, 2020 as allocated to North Dakota is \$14,714,968 as shown in Exhibit 3. This represents an increase of \$1,174,248 from the revenue requirement authorized in Case No. PU 18-381. The revenue requirement is comprised of:
 - Average rate base of \$161,348,040.
 - Continued amortization of the decommissioning costs authorized in Case No. PU-16-666, updated for the most recent decommissioning estimate to include the decommissioning estimate related to the Thunder Spirit Expansion Project.
 - Federal Production Tax Credits (PTCs): reflects a credit of 2.5 cents per Kwh of production from each of the facilities taking into account the expiration of Production Tax Credits related to the twenty Diamond Willow turbines that went into service starting in December 2007 and June 2010, as well as the expiration of Production Tax Credits related to the thirteen Cedar Hills turbines that went into service starting May and June of 2010. The PTCs for the projects are included as a reduction to taxes, but also as an addition to rate base as Montana-Dakota was not be able to claim the PTCs for 2019. The Company projects to utilize the entire carry forward

balance during year 2020.

- Return: reflective of the projected 2020 Capital Structure and the Return on Equity of 9.65% authorized in the Company's last electric rate case (Case No. PU-16-666).
- O&M: reflects the annual operating costs and the annual easement payments for each facility. O&M costs are recorded separately for each wind facility.
- Depreciation Expense: annual depreciation rates for production and transmission related assets, based on a 25-year life for all wind facilities, as authorized in Case No. PU-16-666.
- Taxes Other than Income: reflective of the production tax rate applicable under North Dakota Century Code Chapter 57-33.2.04: Wind Generation Taxation.
- Income Taxes: current federal and state income tax rates.
- ARAM Reversal: The Tax Cuts and Jobs Act of 2017 required re-measurement of the accumulated deferred income tax balance to determine the amount of excess deferred income tax to be returned to customers over the remaining life of the asset. The excess deferred income taxes on the Cedar Hills and Diamond Willow assets results in a projected annual amortization of \$324,372 for 2020, which is a reduction to deferred tax expense. Excess deferred income taxes on the Thunder Spirit assets were calculated as of December 31, 2017, however, tax depreciation still exceeds book depreciation. Therefore, the amortization

of the excess deferred income tax balance related to Thunder Spirit will take place in future periods when book depreciation exceeds tax depreciation.

- The facilities located in North Dakota are eligible for the North Dakota income tax credit (ITC) for installation of wind energy devices under N.D.C.C. Section 57-38-30. Cedar Hills is projected to have a carry forward credit of approximately \$3.8 million available at the end of 2019, and it is projected that \$685,000 of the credit will be utilized in 2020. Since the credit allowed under the statute may not exceed the liability for tax, the excess will be carried forward for future use. Deferred tax is only established when the credit is utilized, and the deferred tax benefit is then amortized over the life of the assets. Based on the projected credit utilization, the deferred tax balance at the end of 2020 is projected to be approximately \$4.5 million.
- *Exhibit No. 4* shows the projected RRCA Balancing Account (per Paragraph 2d of Rate 55) through December 2019. The under recovered balance carried forward from the prior year includes a carrying charge due from customers based on the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
- *Exhibit No. 5* shows the projected monthly revenue requirements in detail for each of the three existing wind projects, including the expansion to Thunder Spirit, for the years ending December 2019 and December 2020.

V. Estimated Impact by Customer Class

As shown in Exhibit No. 2, Montana-Dakota's projected 2020 costs to be recovered under the RRCA rates are \$17,555,681, which includes the projected under-recovered balance of \$2,840,713. A residential customer using 894 Kwh would see an increase of \$0.75 per month, or \$9.00 annually.

Montana-Dakota requests approval of the following RRCA rates to be effective February 1, 2020:

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
Residential & Small General Rate/Kwh	\$0.00861	\$0.00777	\$0.00084
Large General/Kwh	\$0.00783	\$0.00754	\$0.00029
Lighting/Kwh	\$0.00827	\$0.00813	\$0.00014

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 for the filing fees in this case. In the event the Commission deems an additional deposit is required, Montana-Dakota will submit the required fees.

VI. Conclusion

Montana-Dakota respectfully requests that the Commission approve this annual update to the Company's RRCA rates applicable under Renewable Resource Cost

Adjustment Rate 55 tariff to be effective with service rendered on and after February 1, 2020.

Dated this 1st day of November 2019.

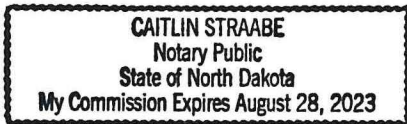


Tamie A. Aberle
Director of Regulatory Affairs

Subscribed and sworn to before me this 1st day of November 2019.



Caitlin Straabe, Notary Public
Burleigh County, North Dakota
My Commission Expires: 08/28/2023



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 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
4th Revised Sheet No. 39
Canceling 3rd 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	0.861¢ per Kwh
Large General	0.783¢ per Kwh
Lighting	0.827¢ per Kwh

Date Filed: November 1, 2019

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 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Substitute 3rd Revised Sheet No. 39
Canceling 2nd 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.

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- 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	0.7770.861¢ per Kwh
Large General	0.7540.783¢ per Kwh
Lighting	0.8130.827¢ per Kwh

Date Filed: November 20, 2018	Effective Date: Service rendered on and after April 1, 2019
Issued By: Tamie A. Aberle Director – Regulatory Affairs	Case No.: PU-18-381

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Proposed RRCA Rates**

	Total	Residential & Small General	Large General	Lighting
Revenue Requirement 1/ 2/	\$14,714,968	\$6,321,993	\$8,227,756	\$165,219
Prior (Over)/Under Recovery 2/ 3/ Net to be Recovered	<u>2,840,713</u>	<u>1,220,456</u>	<u>1,588,362</u>	<u>31,895</u>
	17,555,681	7,542,449	9,816,118	197,114
Projected Kwh 4/	2,154,532,000	875,587,833	1,255,115,509	23,828,658
Proposed RRCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00722	\$0.00656	\$0.00693
Prior (Over)/Under Recovery per Kwh		<u>0.00139</u>	<u>0.00127</u>	<u>0.00134</u>
Proposed RRCA Rate per Kwh		0.00861	0.00783	0.00827
Current RRCA Rate per Kwh 5/				
Revenue Requirement per Kwh		\$0.00777	\$0.00754	\$0.00813
Prior (Over)/Under Recovery per Kwh		<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Current RRCA Rate per Kwh		0.00777	0.00754	0.00813
Increase in RRCA Rate		<u><u>\$0.00084</u></u>	<u><u>\$0.00029</u></u>	<u><u>\$0.00014</u></u>

1/ Exhibit 3, page 1.

2/ Demand/Energy for Wind Allocation Factor 3

Residential & Small General	42.963008%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	55.914195%	(Rates 30, 31, 32, 38, 48 and contracts)
Lighting	<u>1.122797%</u>	(Rates 41, 52)
	<u><u>100.000000%</u></u>	

3/ Exhibit 4, page 1.

4/ Projected Kwh sales.

5/ Current RRCA rates effective April 1, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Projected Year End 2020**

Rate Base	Projected												Average Balance	
	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020		
Total Plant Balance	\$277,496,789	\$277,496,789	\$277,496,789	\$277,496,789	\$277,496,789	\$277,496,789	\$278,486,122	\$278,486,122	\$278,486,122	\$278,486,122	\$278,486,122	\$278,486,122	\$277,991,456	
Total Accumulated Reserve	55,870,880	56,832,066	57,793,252	58,754,438	59,715,624	60,676,810	61,637,996	62,602,421	63,566,846	64,531,271	65,495,696	66,460,121		
Net Plant in Service	\$221,625,909	\$220,664,723	\$219,703,537	\$218,742,351	\$217,781,165	\$216,819,979	\$216,848,126	\$215,883,701	\$214,919,276	\$213,954,851	\$212,990,426	\$212,026,001	216,830,004	
Add: PTC Carryforward	4,716,297	4,716,297	4,716,297	3,537,223	3,537,223	2,358,149	2,358,149	2,358,149	1,179,075	1,179,075	1,179,075	0		
Less: Deferred Taxes	53,258,969	53,442,566	53,605,025	53,747,018	53,867,847	53,968,211	54,047,436	54,105,523	54,143,144	54,159,626	54,155,643	54,130,496		
Less: Investment Tax Credit	3,934,823	3,991,932	4,049,041	4,106,150	4,163,259	4,220,368	4,277,477	4,334,586	4,391,695	4,448,804	4,505,913	4,563,022		
Total Rate Base	\$169,148,414	\$167,946,522	\$166,765,768	\$164,426,406	\$163,287,282	\$160,989,549	\$160,881,362	\$159,801,741	\$157,563,512	\$156,525,496	\$155,507,945	\$153,332,483	161,348,040	
Return on Rate Base 1/	\$1,012,212	\$1,005,020	\$997,954	\$983,955	\$977,138	\$963,388	\$962,741	\$956,280	\$942,886	\$936,675	\$930,585	\$917,567	\$11,586,401	
Expenses														
Operating Expenses													Total	
Total O&M	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$219,905	\$805,509	\$3,224,464
Total Depreciation	961,186	961,186	961,186	961,186	961,186	961,186	961,186	964,425	964,425	964,425	964,425	964,425	964,425	11,550,427
Property taxes	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	60,624	727,488
Payroll taxes	3,156	2,513	2,780	2,755	3,204	2,747	2,985	2,929	2,933	2,889	2,889	2,889	2,889	34,669
Total Expenses	\$1,244,871	\$1,244,228	\$1,244,495	\$1,244,470	\$1,244,919	\$1,244,462	\$1,244,700	\$1,247,883	\$1,247,887	\$1,247,843	\$1,247,843	\$1,247,843	\$1,833,447	\$15,537,048
Income before Taxes (EBIT)	(\$1,244,871)	(\$1,244,228)	(\$1,244,495)	(\$1,244,470)	(\$1,244,919)	(\$1,244,462)	(\$1,244,700)	(\$1,247,883)	(\$1,247,887)	(\$1,247,843)	(\$1,247,843)	(\$1,833,447)	(\$15,537,048)	
Interest Expense	320,959	318,679	316,438	311,999	309,838	305,478	305,272	303,224	298,977	297,007	295,076	290,948	3,673,895	
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,096	349,196	
Taxable income	(\$1,536,730)	(\$1,533,807)	(\$1,531,833)	(\$1,527,369)	(\$1,525,657)	(\$1,520,840)	(\$1,520,872)	(\$1,522,007)	(\$1,517,764)	(\$1,515,750)	(\$1,513,819)	(\$2,095,299)	(\$18,861,747)	
Income Taxes 2/	(\$375,037)	(\$374,324)	(\$373,842)	(\$372,753)	(\$372,335)	(\$371,159)	(\$371,167)	(\$371,444)	(\$370,409)	(\$369,917)	(\$369,446)	(\$511,356)	(\$4,603,189)	
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	324,372	
Production Tax Credit	1,312,937	936,563	976,863	813,253	932,230	760,466	726,281	576,048	713,095	1,130,732	957,193	1,236,432	11,072,093	
Net Income Taxes	(\$1,715,005)	(\$1,337,918)	(\$1,377,736)	(\$1,213,037)	(\$1,331,596)	(\$1,158,656)	(\$1,124,479)	(\$974,523)	(\$1,110,535)	(\$1,527,680)	(\$1,353,670)	(\$1,774,819)	(\$15,999,654)	
Operating Income	\$470,134	\$93,690	\$133,241	(\$31,433)	\$86,677	(\$85,806)	(\$120,221)	(\$273,360)	(\$137,352)	\$279,837	\$105,827	(\$58,628)	\$462,606	
Revenue Requirement	\$717,081	\$1,205,541	\$1,143,874	\$1,343,193	\$1,177,935	\$1,387,913	\$1,432,582	\$1,626,613	\$1,428,979	\$868,890	\$1,091,020	\$1,291,347	\$14,714,968	

1/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	45.132%	4.712%	2.127%
Short Term Debt:	4.053%	3.693%	0.150% 2.277%
Common Equity:	50.815%	9.650%	4.904%
	100.000%		7.181%

2/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
1- tax rate 75.5951%

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

	Cumulative								
	Beginning Balance	Revenue Requirement 1/	Revenue Collected	Ending Balance 2/	Carrying Charge Calculation			Carrying Charge 3/	Grand Total (Over)/Under Collection
					Deferred Income Tax	Net Balance	Rate 3/		
September 2018 4/				\$562,291	\$137,227	\$425,064			\$543,762
October	\$562,291	\$1,328,864	\$882,762	1,008,393	246,097	762,296	2.2500%	\$797	990,661
November	1,008,393	1,476,598	855,919	1,629,072	397,573	1,231,499	2.3300%	1,480	1,612,820
December	1,629,072	1,512,647	1,051,629	2,090,090	510,084	1,580,006	2.3700%	2,432	2,076,270
January 2019	2,090,090	1,245,003	1,190,485	2,144,608	523,389	1,621,219	2.3700%	3,121	2,133,909
February	2,144,608	1,591,417	1,137,106	2,598,919	634,264	1,964,655	2.3900%	3,229	2,591,449
March	2,598,919	1,218,365	1,193,584	2,623,700	640,311	1,983,389	2.4000%	3,929	2,620,159
April	2,623,700	1,167,281	1,081,050	2,709,931	661,356	2,048,575	2.3800%	3,934	2,710,324
May	2,709,931	1,369,568	1,083,797	2,995,702	731,098	2,264,604	2.3500%	4,012	3,000,107
June	2,995,702	1,588,053	1,031,440	3,552,315	866,939	2,685,376	2.1700%	4,095	3,560,815
July	3,552,315	1,716,068	1,238,527	4,029,856	983,482	3,046,374	2.1000%	4,699	4,043,055
August	4,029,856	1,531,131	1,341,713	4,219,274	1,029,710	3,189,564	1.9500%	4,950	4,237,423
September	4,219,274	1,231,231	1,186,242	4,264,263	1,040,689	3,223,574	1.8900%	5,024	4,287,436
October - Est.	4,264,263	721,676	1,222,794	3,763,145	918,392	2,844,753	1.8900%	5,077	3,791,395
November - Est.	3,763,145	1,034,996	1,417,415	3,380,726	825,063	2,555,663	1.8900%	4,480	3,413,456
December - Est.	3,380,726	1,020,575	1,597,343	2,803,958	684,303	2,119,655	1.8900%	4,025	2,840,713
Total		\$19,753,473	\$17,511,806					\$55,284	

1/ Monthly revenue requirement, see pages 2-3.

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.

4/ Ending Over/Under balance per Case No. PU-18-381, Exhibit 4, page 1.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Actual Year End 2018**

	Actual												Average Balance
	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	
Rate Base													
Total Plant Balance	\$221,431,003	\$221,403,943	\$221,404,745	\$221,391,229	\$221,433,628	\$221,431,675	\$221,440,975	\$221,486,607	\$221,722,181	\$278,911,753	\$279,252,781	\$280,190,625	\$235,958,429
Total Accumulated Reserve	39,412,854	40,152,882	40,919,878	41,678,797	42,445,912	43,213,016	43,980,111	44,747,240	45,602,575	46,257,782	46,749,929	47,678,511	
Net Plant in Service	\$182,018,149	\$181,251,061	\$180,484,867	\$179,712,432	\$178,987,716	\$178,218,659	\$177,460,864	\$176,739,367	\$176,119,606	\$232,653,971	\$232,502,852	\$232,512,114	192,388,472
Add: PTC Carryforward	13,338,805	13,338,805	13,338,805	13,338,805	10,004,104	6,669,403	6,669,403	6,669,403	3,334,702	3,334,702	5,236,915	5,519,634	
Less: Deferred Taxes	46,183,244	46,373,343	46,539,707	46,683,092	46,802,714	46,899,357	46,972,265	47,021,438	47,047,631	47,005,583	46,879,614	46,989,791	
Less: Investment Tax Credit	1,979,400	2,127,824	2,276,248	2,424,672	2,573,096	2,721,520	2,869,944	3,018,368	3,166,792	3,315,216	3,865,273	3,377,888	
Total Rate Base	\$147,194,310	\$146,088,699	\$145,007,717	\$143,943,473	\$139,616,010	\$135,267,185	\$134,288,058	\$133,368,964	\$129,239,885	\$185,667,874	\$186,994,880	\$187,664,069	151,195,094
Return on Rate Base 1/	\$883,779	\$877,141	\$870,651	\$864,261	\$838,278	\$812,167	\$806,288	\$800,769	\$775,978	\$1,114,781	\$1,122,748	\$1,126,766	\$10,893,607
Expenses													
Operating Expenses													Total
Total O&M	\$146,844	\$181,890	\$218,558	\$448,817	\$65,719	\$46,548	\$203,344	\$222,152	\$191,690	\$215,580	\$221,799	\$644,765	\$2,807,706
Total Depreciation	615,367	767,087	766,996	766,999	766,424	767,103	767,096	767,129	767,287	767,902	949,229	928,584	9,397,203
Property taxes	55,833	55,833	55,833	55,833	55,833	55,833	55,833	55,833	55,833	25,694	25,694	25,693	579,578
Payroll taxes	3,167	2,553	2,948	2,374	2,486	2,484	2,603	3,164	2,096	3,149	2,411	2,655	32,090
Total Expenses	\$821,211	\$1,007,363	\$1,044,335	\$1,274,023	\$890,462	\$871,968	\$1,028,876	\$1,048,278	\$1,016,906	\$1,012,325	\$1,199,133	\$1,601,697	\$12,816,577
Income before Taxes (EBIT)	(\$821,211)	(\$1,007,363)	(\$1,044,335)	(\$1,274,023)	(\$890,462)	(\$871,968)	(\$1,028,876)	(\$1,048,278)	(\$1,016,906)	(\$1,012,325)	(\$1,199,133)	(\$1,601,697)	(\$12,816,577)
Interest Expense	281,386	279,273	277,206	275,172	266,899	258,586	256,714	254,957	247,064	354,935	357,472	358,751	3,468,415
AFUDC Equity Add Back										49,883	49,883	49,883	149,649
Taxable income	(\$1,102,597)	(\$1,286,636)	(\$1,321,541)	(\$1,549,195)	(\$1,157,361)	(\$1,130,554)	(\$1,285,590)	(\$1,303,235)	(\$1,263,970)	(\$1,317,377)	(\$1,506,722)	(\$1,910,565)	(\$16,135,343)
Income Taxes 2/	(\$269,088)	(\$314,002)	(\$322,521)	(\$378,079)	(\$282,453)	(\$275,911)	(\$313,747)	(\$318,053)	(\$308,471)	(\$321,505)	(\$367,714)	(\$466,271)	(\$3,937,815)
Less: ARAM Amortization	21,524	21,524	21,524	21,524	21,524	21,524	21,524	21,524	21,524	34,704	34,704	34,705	297,829
Production Tax Credit	921,607	736,249	670,117	748,470	525,938	483,819	422,565	330,580	613,669	766,341	803,227	1,084,000	8,106,582
Net Income Taxes	(\$1,212,219)	(\$1,071,775)	(\$1,014,162)	(\$1,148,073)	(\$829,915)	(\$781,254)	(\$757,836)	(\$670,157)	(\$943,664)	(\$1,122,550)	(\$1,205,645)	(\$1,584,976)	(\$12,342,226)
Operating Income	\$391,008	\$64,412	(\$30,173)	(\$125,950)	(\$60,547)	(\$90,714)	(\$271,040)	(\$378,121)	(\$73,242)	\$110,225	\$6,512	(\$16,721)	(\$474,351)
Revenue Requirement	\$651,856	\$1,075,108	\$1,191,643	\$1,309,888	\$1,188,999	\$1,194,364	\$1,425,129	\$1,559,479	\$1,123,380	\$1,328,864	\$1,476,598	\$1,512,647	\$15,037,955

Factor 271 - Integrated Peak and Energy
2018: 68.937832%

1/ Projected Capital Structure with Authorized Return on Equity			
	Ratio	Cost	
Long Term Debt:	42.485%	4.990%	2.120%
Short Term Debt:	6.622%	2.625%	0.174%
Common Equity:	50.893%	9.650%	4.911%
	100.000%		7.205%

2/ Income Tax Rate	
Tax Rate	24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
1- tax rate	75.5951%

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Actual/Projected Year End 2019**

	Actual									Projected			Average Balance
	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	
Rate Base													
Total Plant Balance	\$281,645,429	\$281,632,677	\$281,595,281	\$281,589,781	\$281,557,136	\$277,212,434	\$277,401,212	\$277,416,704	\$277,496,789	\$277,496,789	\$277,496,789	\$277,496,789	\$279,169,818
Total Accumulated Reserve	48,829,037	49,781,441	50,715,378	51,669,482	52,613,758	49,212,864	50,152,252	51,095,203	52,048,825	53,002,448	53,956,071	54,909,694	
Net Plant in Service	\$232,816,392	\$231,851,236	\$230,879,903	\$229,920,299	\$228,943,378	\$227,999,570	\$227,248,960	\$226,321,501	\$225,447,964	\$224,494,341	\$223,540,718	\$222,587,095	227,670,946
Adds:													
Add: PTC Carryforward	5,519,634	5,519,634	6,611,356	4,958,517	4,958,517	3,305,678	3,305,678	3,305,678	1,991,995	1,991,995	6,976,080	4,716,297	
Less: Deferred Taxes	48,841,589	49,153,202	49,430,965	49,675,959	49,887,063	50,065,395	50,243,311	50,358,723	50,441,363	50,490,155	50,506,173	50,488,305	
Less: Investment Tax Credit	3,439,112	3,500,335	3,561,558	3,622,780	3,684,003	3,745,226	3,669,454	3,711,106	3,752,758	3,794,410	3,836,062	3,877,714	
Total Rate Base	\$186,055,325	\$184,717,334	\$184,498,736	\$181,580,077	\$180,330,829	\$177,494,628	\$176,641,873	\$175,557,350	\$173,245,838	\$172,201,772	\$176,174,563	\$172,937,373	178,452,975
Return on Rate Base 1/	\$1,102,688	\$1,094,758	\$1,093,463	\$1,076,165	\$1,068,761	\$1,051,951	\$1,046,897	\$1,040,470	\$1,026,770	\$1,020,582	\$1,044,128	\$1,024,942	\$12,691,575
Expenses													
Operating Expenses													Total
Total O&M	\$213,870	\$190,692	\$207,000	\$222,775	\$247,673	\$215,228	\$221,991	\$220,595	\$209,650	\$216,609	\$216,609	\$679,016	\$3,061,708
Total Depreciation	967,686	966,977	967,573	967,230	966,640	967,099	952,977	942,949	953,623	953,623	953,623	953,623	11,513,623
Property taxes	56,421	56,421	56,421	56,421	56,421	56,421	56,421	56,421	56,421	56,421	56,421	56,422	677,053
Payroll taxes	3,156	2,513	2,780	2,755	3,204	2,747	2,985	2,929	2,933	2,889	2,889	2,889	34,669
Total Expenses	\$1,241,133	\$1,216,603	\$1,233,774	\$1,249,181	\$1,273,938	\$1,241,495	\$1,234,374	\$1,222,894	\$1,222,627	\$1,229,542	\$1,229,542	\$1,691,950	\$15,287,053
Income before Taxes (EBIT)	(\$1,241,133)	(\$1,216,603)	(\$1,233,774)	(\$1,249,181)	(\$1,273,938)	(\$1,241,495)	(\$1,234,374)	(\$1,222,894)	(\$1,222,627)	(\$1,229,542)	(\$1,229,542)	(\$1,691,950)	(\$15,287,053)
Interest Expense	365,909	363,277	362,848	357,107	354,651	349,073	347,396	345,263	340,717	338,663	346,477	340,110	4,211,491
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,100	29,096	349,196
Taxable income	(\$1,577,942)	(\$1,550,780)	(\$1,567,522)	(\$1,577,188)	(\$1,599,489)	(\$1,561,468)	(\$1,552,670)	(\$1,539,057)	(\$1,534,244)	(\$1,539,105)	(\$1,546,919)	(\$2,002,964)	(\$19,149,348)
Income Taxes 2/	(\$385,095)	(\$378,466)	(\$382,552)	(\$384,911)	(\$390,354)	(\$381,075)	(\$378,928)	(\$375,605)	(\$374,431)	(\$375,617)	(\$377,524)	(\$488,821)	(\$4,673,379)
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	27,031	324,372
Production Tax Credit	990,534	702,831	996,630	1,030,997	889,988	684,850	578,049	703,268	917,185	1,301,924	1,086,709	1,429,535	11,312,500
Net Income Taxes	(\$1,402,660)	(\$1,108,328)	(\$1,406,213)	(\$1,442,939)	(\$1,307,373)	(\$1,092,956)	(\$984,008)	(\$1,105,904)	(\$1,318,647)	(\$1,704,572)	(\$1,491,264)	(\$1,945,387)	(\$16,310,251)
Operating Income	\$161,527	(\$108,275)	\$172,439	\$193,758	\$33,435	(\$148,539)	(\$250,366)	(\$116,990)	\$96,020	\$475,030	\$261,722	\$253,437	\$1,023,198
Revenue Requirement	\$1,245,003	\$1,591,417	\$1,218,365	\$1,167,281	\$1,369,568	\$1,588,053	\$1,716,068	\$1,531,131	\$1,231,231	\$721,676	\$1,034,996	\$1,020,575	\$15,436,364

Factor 271 - Integrated Peak and Energy
2019: 69.311563%

1/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	45.611%	4.819%	2.198%
Short Term Debt:	5.142%	3.147%	0.162%
Common Equity:	49.247%	9.650%	4.752%
	100.000%		7.112%

2/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
1- tax rate 75.5951%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Actual/Projected Year End 2019

	Actual					
	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019
Rate Base						
Plant Balance						
Thunder Spirit Production	\$142,575,263	\$142,575,298	\$142,570,741	\$142,570,741	\$142,552,193	\$138,558,903
Thunder Spirit Transmission	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034
Thunder Spirit Expansion	58,803,507	58,804,080	58,804,347	58,806,939	58,806,939	58,825,154
Cedar Hills Production	30,676,355	30,662,244	30,634,626	30,637,557	30,626,177	30,261,852
Diamond Willow Production	41,792,227	41,792,978	41,787,490	41,776,467	41,773,750	41,768,448
Diamond Willow Transmission	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043
Total Plant Balance	281,645,429	281,632,677	281,595,281	281,589,781	281,557,136	277,212,434
Accumulated Reserve						
Thunder Spirit Production	\$17,645,160	\$18,120,411	\$18,595,503	\$19,070,739	\$19,537,674	\$16,016,655
Thunder Spirit Transmission	251,884	259,190	266,489	273,795	281,101	288,407
Thunder Spirit Expansion	581,271	777,283	973,296	1,169,311	1,365,334	1,561,357
Cedar Hills Production	12,068,632	12,152,509	12,223,219	12,323,400	12,410,380	12,144,027
Diamond Willow Production	17,096,627	17,242,398	17,383,033	17,514,211	17,657,056	17,796,018
Diamond Willow Transmission	445,236	448,299	451,363	454,427	457,491	460,554
Decommissioning Balance	740,227	781,351	822,475	863,599	904,722	945,846
Total Accumulated Reserve	48,829,037	49,781,441	50,715,378	51,669,482	52,613,758	49,212,864
Net Plant in Service	\$232,816,392	\$231,851,236	\$230,879,903	\$229,920,299	\$228,943,378	\$227,999,570
Adds:						
PTC Carryforward - Thunder Spirit 1/	5,519,634	5,519,634	6,611,356	4,958,517	4,958,517	3,305,678
PTC Carryforward - Cedar/Diamond 1/	0	0	0	0	0	0
Def. Tax on ND Invest. Tax Credit	1,068,697	1,082,382	1,096,067	1,109,751	1,123,436	1,137,121
Def. Tax on Wind Decommissioning 2/	192,652	202,689	212,725	222,761	232,797	242,834
Less:						
Accum DIT - Thunder Spirit 3/	\$35,008,181	\$35,404,038	\$35,759,937	\$36,077,150	\$36,354,358	\$36,592,879
Accum DIT - Cedar/Diamond 3/	15,094,757	15,034,234	14,979,820	14,931,321	14,888,938	14,852,470
Accum. Def. Invest. Tax Credit	3,439,112	3,500,335	3,561,558	3,622,780	3,684,003	3,745,226
Total Rate Base	\$186,055,325	\$184,717,334	\$184,498,736	\$181,580,077	\$180,330,829	\$177,494,628
Return on Rate Base 4/	\$1,102,688	\$1,094,758	\$1,093,463	\$1,076,165	\$1,068,761	\$1,051,951
Expenses						
Operating Expenses						
O&M - Thunder Spirit	\$162,793	\$150,093	\$157,711	\$164,567	\$173,899	\$165,669
O&M - Cedar Hills	18,289	15,870	18,769	23,572	35,558	21,837
O&M - Diamond Willow	32,788	24,729	30,520	34,636	38,216	27,722
Total O&M	213,870	190,692	207,000	222,775	247,673	215,228
Depreciation Expense						
Thunder Spirit Production	475,164	475,251	475,251	475,236	475,246	475,174
Thunder Spirit Transmission	7,306	7,306	7,306	7,306	7,306	7,306
Thunder Spirit Expansion	196,001	196,012	196,014	196,014	196,023	196,023
Cedar Hills Production	98,531	98,449	98,404	98,002	98,314	97,972
Diamond Willow Production	146,496	145,771	146,410	146,484	145,563	146,436
Diamond Willow Transmission	3,064	3,064	3,064	3,064	3,064	3,064
Wind Decommissioning	41,124	41,124	41,124	41,124	41,124	41,124
Total Depreciation	967,686	966,977	967,573	967,230	966,640	967,099
Property taxes 5/	56,421	56,421	56,421	56,421	56,421	56,421
Payroll taxes	3,156	2,513	2,780	2,755	3,204	2,747
Total Expenses	\$1,241,133	\$1,216,603	\$1,233,774	\$1,249,181	\$1,273,938	\$1,241,495
Income before Taxes (EBIT)	(\$1,241,133)	(\$1,216,603)	(\$1,233,774)	(\$1,249,181)	(\$1,273,938)	(\$1,241,495)
Interest Expense	365,909	363,277	362,848	357,107	354,651	349,073
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,100
Taxable income	(\$1,577,942)	(\$1,550,780)	(\$1,567,522)	(\$1,577,188)	(\$1,599,489)	(\$1,561,468)
Income Taxes 6/	(\$385,095)	(\$378,466)	(\$382,552)	(\$384,911)	(\$390,354)	(\$381,075)
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031
Production Tax Credit 7/	990,534	702,831	996,630	1,030,997	889,988	684,850
Net Income Taxes	(\$1,402,660)	(\$1,108,328)	(\$1,406,213)	(\$1,442,939)	(\$1,307,373)	(\$1,092,956)
Operating Income	\$161,527	(\$108,275)	\$172,439	\$193,758	\$33,435	(\$148,539)
Revenue Requirement	\$1,245,003	\$1,591,417	\$1,218,365	\$1,167,281	\$1,369,568	\$1,588,053

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Actual/Projected Year End 2019

	Actual			Projected			Average Balance
	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	
Rate Base							
Plant Balance							
Thunder Spirit Production	\$138,561,806	\$138,561,806	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	
Thunder Spirit Transmission	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	
Thunder Spirit Expansion	58,826,031	58,832,556	58,844,634	58,844,634	58,844,634	58,844,634	
Cedar Hills Production	30,459,233	30,468,200	30,467,931	30,467,931	30,467,931	30,467,931	
Diamond Willow Production	41,756,065	41,756,065	41,795,129	41,795,129	41,795,129	41,795,129	
Diamond Willow Transmission	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	
Total Plant Balance	277,401,212	277,416,704	277,496,789	277,496,789	277,496,789	277,496,789	279,169,818
Accumulated Reserve							
Thunder Spirit Production	\$16,478,518	\$16,940,390	\$17,402,263	\$17,864,136	\$18,326,009	\$18,787,882	
Thunder Spirit Transmission	295,714	303,020	310,326	317,632	324,938	332,244	
Thunder Spirit Expansion	1,757,441	1,953,528	2,149,636	2,345,745	2,541,854	2,737,963	
Cedar Hills Production	12,241,146	12,328,594	12,426,369	12,524,143	12,621,917	12,719,691	
Diamond Willow Production	17,928,845	18,074,895	18,221,268	18,367,641	18,514,014	18,660,387	
Diamond Willow Transmission	463,618	466,682	469,746	472,810	475,874	478,938	
Decommissioning Balance	986,970	1,028,094	1,069,217	1,110,341	1,151,465	1,192,589	
Total Accumulated Reserve	50,152,252	51,095,203	52,048,825	53,002,448	53,956,071	54,909,694	
Net Plant in Service	\$227,248,960	\$226,321,501	\$225,447,964	\$224,494,341	\$223,540,718	\$222,587,095	227,670,946
Adds:							
PTC Carryforward - Thunder Spirit 1/	3,305,678	3,305,678	1,991,995	1,991,995	5,563,122	4,716,297	
PTC Carryforward - Cedar/Diamond 1/	0	0	0	0	1,412,958	0	
Def. Tax on ND Invest. Tax Credit	1,117,373	1,126,281	1,135,190	1,144,099	1,153,008	1,161,917	
Def. Tax on Wind Decommissioning 2/	252,870	262,906	272,942	282,979	293,015	303,051	
Less:							
Accum DIT - Thunder Spirit 3/	\$36,791,443	\$36,950,049	\$37,069,969	\$37,149,931	\$37,191,206	\$37,192,477	
Accum DIT - Cedar/Diamond 3/	14,822,111	14,797,861	14,779,526	14,767,301	14,760,990	14,760,796	
Accum. Def. Invest. Tax Credit	3,669,454	3,711,106	3,752,758	3,794,410	3,836,062	3,877,714	
Total Rate Base	\$176,641,873	\$175,557,350	\$173,245,838	\$172,201,772	\$176,174,563	\$172,937,373	178,452,975
Return on Rate Base 4/	\$1,046,897	\$1,040,470	\$1,026,770	\$1,020,582	\$1,044,128	\$1,024,942	\$12,691,575
Expenses							
Operating Expenses							Total
O&M - Thunder Spirit	\$174,816	\$161,030	\$163,512	\$163,788	\$163,788	\$520,742	
O&M - Cedar Hills	24,678	30,087	21,485	23,350	23,350	66,423	
O&M - Diamond Willow	22,497	29,478	24,653	29,471	29,471	91,851	
Total O&M	221,991	220,595	209,650	216,609	216,609	679,016	3,061,708
Depreciation Expense							
Thunder Spirit Production	461,863	461,873	461,873	461,873	461,873	461,873	
Thunder Spirit Transmission	7,306	7,306	7,306	7,306	7,306	7,306	
Thunder Spirit Expansion	196,084	196,084	196,109	196,109	196,109	196,109	
Cedar Hills Production	97,119	87,448	97,774	97,774	97,774	97,774	
Diamond Willow Production	146,417	146,050	146,373	146,373	146,373	146,373	
Diamond Willow Transmission	3,064	3,064	3,064	3,064	3,064	3,064	
Wind Decommissioning	41,124	41,124	41,124	41,124	41,124	41,124	
Total Depreciation	952,977	942,949	953,623	953,623	953,623	953,623	11,513,623
Property taxes 5/	56,421	56,421	56,421	56,421	56,421	56,422	677,053
Payroll taxes	2,985	2,929	2,933	2,889	2,889	2,889	34,669
Total Expenses	\$1,234,374	\$1,222,894	\$1,222,627	\$1,229,542	\$1,229,542	\$1,691,950	\$15,287,053
Income before Taxes (EBIT)	(\$1,234,374)	(\$1,222,894)	(\$1,222,627)	(\$1,229,542)	(\$1,229,542)	(\$1,691,950)	(\$15,287,053)
Interest Expense	347,396	345,263	340,717	338,663	346,477	340,110	4,211,491
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,096	349,196
Taxable income	(\$1,552,670)	(\$1,539,057)	(\$1,534,244)	(\$1,539,105)	(\$1,546,919)	(\$2,002,964)	(\$19,149,348)
Income Taxes 6/	(\$378,928)	(\$375,605)	(\$374,431)	(\$375,617)	(\$377,524)	(\$488,821)	(\$4,673,379)
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031	324,372
Production Tax Credit 7/	578,049	703,268	917,185	1,301,924	1,086,709	1,429,535	11,312,500
Net Income Taxes	(\$984,008)	(\$1,105,904)	(\$1,318,647)	(\$1,704,572)	(\$1,491,264)	(\$1,945,387)	(\$16,310,251)
Operating Income	(\$250,366)	(\$116,990)	\$96,020	\$475,030	\$261,722	\$253,437	\$1,023,198
Revenue Requirement	\$1,716,068	\$1,531,131	\$1,231,231	\$721,676	\$1,034,996	\$1,020,575	\$15,435,364

2019 Footnotes:

Factor 271 - Integrated Peak and Energy
2019: 69.311563%

1/ Production Tax Credit Carryforward.

	Month	Thunder Spirit	Diamond Willow	Cedar Hills
Carryforward:	January	5,519,634	0	0
Adjustment to prior year utilization:	March	1,091,722	0	0
Carryforward utilization estimate:	April	(1,652,839)	0	0
Carryforward utilization estimate:	June	(1,652,839)	0	0
Carryforward utilization estimate:	September	(1,313,683)	0	0
Adjustment to prior year utilization:	November	3,571,127	586,819	826,139
2019 Current Year PTC Accrual:	December	9,758,903	587,930	965,666
Estimated PTC utilization on 2019 Return:	December	(10,605,728)	(1,174,749)	(1,791,805)
		4,716,297	0	0

2/ Deferred Tax on Wind Decommissioning

2019 Decommissioning Dep. Expense:	493,485	(41,123.75 x 12 months)
Tax Rate:	24.4049%	
2019 Activity:	120,435	
Monthly Activity:	10,036	

3/ Monthly Deferred Income Tax activity is 1/12 of projected 2019 DIT activity.

	Thunder Spirit	Cedar Hills / I & Expand	Diamond Willow			
Projected DIT activity 2019:	8,148,284	(1,245,801)				
ND Fac. #271:	69.311563%	69.311563%				
ND projected activity:	5,647,703	(863,484)				
Monthly:	470,642	(71,957)				
	January	February	March	April	May	June
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%
Thunder Spirit:	431,955	395,857	355,899	317,213	277,208	238,521
Cedar/Diamond:	(66,042)	(60,523)	(54,414)	(48,499)	(42,383)	(36,468)
	July	August	September	October	November	December
	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
Thunder Spirit:	198,564	158,606	119,920	79,962	41,275	1,271
Cedar/Diamond:	(30,359)	(24,250)	(18,335)	(12,225)	(6,311)	(194)

4/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost		
Long Term Debt:	45.611%	4.819%	2.198%	
Short Term Debt:	5.142%	3.147%	0.162%	2.360%
Common Equity:	49.247%	9.650%	4.752%	
	100.000%		7.112%	

5/ Property tax (Thunder Spirit accrues generation taxes in lieu of ad valorem taxes for production)

	2019 Estimated
Thunder Spirit - Generation:	597,579
Cedar Hills:	41,958
Diamond Willow:	337,288
	976,825
ND Fac. #271:	69.311563%
Total North Dakota:	677,053
Monthly:	56,421

6/ Tax Rate
1- tax rate

24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
75.5951%

7/ Production Tax Credit. Current year, 13 Diamond Willow turbines are no longer eligible for the credit.

	January	February	March	April	May	June
Thunder Spirit:	48,664,000	35,246,000	49,395,000	51,126,000	44,521,000	33,577,000
Diamond (eligible for PTC):	3,663,790	2,411,130	3,102,180	3,228,410	2,354,050	2,223,150
Cedar:	4,836,310	2,903,540	5,018,730	5,144,860	4,486,530	3,722,830
Total Generation:	57,164,100	40,560,670	57,515,910	59,499,270	51,361,580	39,522,980
Projected PTC (rate \$.025/Kwh):	1,429,103	1,014,017	1,437,898	1,487,482	1,284,040	988,075
Projected ND PTC (Fac. #271):	990,534	702,831	996,630	1,030,997	889,988	684,850
	July	August	September	October	November	December
Thunder Spirit:	28,670,000	34,575,000	45,566,000	65,254,962	55,240,338	71,355,174
Diamond (eligible for PTC):	1,447,780	1,846,160	2,571,390	3,851,925	2,858,800	4,370,940
Cedar:	3,241,710	4,164,770	4,793,750	6,027,704	4,615,313	6,772,970
Total Generation:	33,359,490	40,585,930	52,931,140	75,134,591	62,714,451	82,499,084
Projected PTC (rate \$.025/Kwh):	833,987	1,014,648	1,323,279	1,878,365	1,567,861	2,062,477
Projected ND PTC (Fac. #271):	578,049	703,268	917,185	1,301,924	1,086,709	1,429,535

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Projected Year End 2020

	Projected					
	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020
Rate Base						
Plant Balance						
Thunder Spirit Production	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018
Thunder Spirit Transmission	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034
Thunder Spirit Expansion	58,844,634	58,844,634	58,844,634	58,844,634	58,844,634	58,844,634
Cedar Hills Production	30,467,931	30,467,931	30,467,931	30,467,931	30,467,931	30,467,931
Diamond Willow Production	41,795,129	41,795,129	41,795,129	41,795,129	41,795,129	41,795,129
Diamond Willow Transmission	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043
Total Plant Balance	277,496,789	277,496,789	277,496,789	277,496,789	277,496,789	277,496,789
Accumulated Reserve						
Thunder Spirit Production	\$19,249,755	\$19,711,628	\$20,173,501	\$20,635,374	\$21,097,247	\$21,559,120
Thunder Spirit Transmission	339,550	346,856	354,162	361,468	368,774	376,080
Thunder Spirit Expansion	2,934,072	3,130,181	3,326,290	3,522,399	3,718,508	3,914,617
Cedar Hills Production	12,817,465	12,915,239	13,013,013	13,110,787	13,208,561	13,306,335
Diamond Willow Production	18,806,760	18,953,133	19,099,506	19,245,879	19,392,252	19,538,625
Diamond Willow Transmission	482,002	485,066	488,130	491,194	494,258	497,322
Decommissioning Balance	1,241,276	1,289,963	1,338,650	1,387,337	1,436,024	1,484,711
Total Accumulated Reserve	55,870,880	56,832,066	57,793,252	58,754,438	59,715,624	60,676,810
Net Plant in Service	\$221,625,909	\$220,664,723	\$219,703,537	\$218,742,351	\$217,781,165	\$216,819,979
Adds:						
PTC Carryforward - Thunder Spirit 1/	4,716,297	4,716,297	4,716,297	3,537,223	3,537,223	2,358,149
PTC Carryforward - Cedar/Diamond 1/	0	0	0	0	0	0
Def. Tax on ND Invest. Tax Credit 2/	1,175,854	1,189,791	1,203,728	1,217,665	1,231,602	1,245,539
Def. Tax on Wind Decommissioning 3/	314,933	326,815	338,697	350,579	362,461	374,343
Less:						
Accum DIT - Thunder Spirit 4/	\$40,513,667	\$40,779,192	\$41,017,915	\$41,230,689	\$41,416,629	\$41,576,620
Accum DIT - Cedar/Diamond 4/	14,236,089	14,179,980	14,129,535	14,084,573	14,045,281	14,011,473
Accum. Def. Invest. Tax Credit 2/	3,934,823	3,991,932	4,049,041	4,106,150	4,163,259	4,220,368
Total Rate Base	\$169,148,414	\$167,946,522	\$166,765,768	\$164,426,406	\$163,287,282	\$160,989,549
Return on Rate Base 5/	\$1,012,212	\$1,005,020	\$997,954	\$983,955	\$977,138	\$963,388
Expenses						
Operating Expenses 6/						
O&M - Thunder Spirit	\$163,870	\$163,870	\$163,870	\$163,870	\$163,870	\$163,870
O&M - Cedar Hills	22,722	22,722	22,722	22,722	22,722	22,722
O&M - Diamond Willow	33,313	33,313	33,313	33,313	33,313	33,313
Total O&M	219,905	219,905	219,905	219,905	219,905	219,905
Depreciation Expense						
Thunder Spirit Production	\$461,873	\$461,873	\$461,873	\$461,873	\$461,873	\$461,873
Thunder Spirit Transmission	7,306	7,306	7,306	7,306	7,306	7,306
Thunder Spirit Expansion	196,109	196,109	196,109	196,109	196,109	196,109
Cedar Hills Production	97,774	97,774	97,774	97,774	97,774	97,774
Diamond Willow Production	146,373	146,373	146,373	146,373	146,373	146,373
Diamond Willow Transmission	3,064	3,064	3,064	3,064	3,064	3,064
Wind Decommissioning 7/	48,687	48,687	48,687	48,687	48,687	48,687
Total Depreciation	961,186	961,186	961,186	961,186	961,186	961,186
Property taxes 8/	60,624	60,624	60,624	60,624	60,624	60,624
Payroll taxes	3,156	2,513	2,780	2,755	3,204	2,747
Total Expenses	\$1,244,871	\$1,244,228	\$1,244,495	\$1,244,470	\$1,244,919	\$1,244,462
Income before Taxes (EBIT)	(\$1,244,871)	(\$1,244,228)	(\$1,244,495)	(\$1,244,470)	(\$1,244,919)	(\$1,244,462)
Interest Expense	320,959	318,679	316,438	311,999	309,838	305,478
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,100
Taxable income	(\$1,536,730)	(\$1,533,807)	(\$1,531,833)	(\$1,527,369)	(\$1,525,657)	(\$1,520,840)
Income Taxes 9/	(\$375,037)	(\$374,324)	(\$373,842)	(\$372,753)	(\$372,335)	(\$371,159)
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031
Production Tax Credit 10/	1,312,937	936,563	976,863	813,253	932,230	760,466
Net Income Taxes	(\$1,715,005)	(\$1,337,918)	(\$1,377,736)	(\$1,213,037)	(\$1,331,596)	(\$1,158,656)
Operating Income	\$470,134	\$93,690	\$133,241	(\$31,433)	\$86,677	(\$85,806)
Revenue Requirement	\$717,081	\$1,205,541	\$1,143,874	\$1,343,193	\$1,177,935	\$1,387,913

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Renewable Resource Cost Adjustment
Revenue Requirement - Wind Resources
Projected Year End 2020

	Projected						Average Balance
	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	
Rate Base							
Plant Balance							
Thunder Spirit Production	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	\$138,591,018	
Thunder Spirit Transmission	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	5,470,034	
Thunder Spirit Expansion	58,844,634	58,844,634	58,844,634	58,844,634	58,844,634	58,844,634	
Cedar Hills Production	31,164,107	31,164,107	31,164,107	31,164,107	31,164,107	31,164,107	
Diamond Willow Production	42,088,286	42,088,286	42,088,286	42,088,286	42,088,286	42,088,286	
Diamond Willow Transmission	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	2,328,043	
Total Plant Balance	278,486,122	278,486,122	278,486,122	278,486,122	278,486,122	278,486,122	277,991,456
Accumulated Reserve							
Thunder Spirit Production	\$22,020,993	\$22,482,866	\$22,944,739	\$23,406,612	\$23,868,485	\$24,330,358	
Thunder Spirit Transmission	383,386	390,692	397,998	405,304	412,610	419,916	
Thunder Spirit Expansion	4,110,726	4,306,835	4,502,944	4,699,053	4,895,162	5,091,271	
Cedar Hills Production	13,404,109	13,504,093	13,604,077	13,704,061	13,804,045	13,904,029	
Diamond Willow Production	19,684,998	19,832,400	19,979,802	20,127,204	20,274,606	20,422,008	
Diamond Willow Transmission	500,386	503,450	506,514	509,578	512,642	515,706	
Decommissioning Balance	1,533,398	1,582,085	1,630,772	1,679,459	1,728,146	1,776,833	
Total Accumulated Reserve	61,637,996	62,602,421	63,566,846	64,531,271	65,495,696	66,460,121	
Net Plant in Service	\$216,848,126	\$215,883,701	\$214,919,276	\$213,954,851	\$212,990,426	\$212,026,001	216,830,004
Adds:							
PTC Carryforward - Thunder Spirit 1/	2,358,149	2,358,149	1,179,075	1,179,075	1,179,075	0	
PTC Carryforward - Cedar/Diamond 1/	0	0	0	0	0	0	
Def. Tax on ND Invest. Tax Credit 2/	1,259,476	1,273,413	1,287,350	1,301,287	1,315,224	1,329,161	
Def. Tax on Wind Decommissioning 3/	386,225	398,107	409,989	421,871	433,753	445,635	
Less:							
Accum DIT - Thunder Spirit 4/	\$41,709,809	\$41,816,196	\$41,896,633	\$41,950,268	\$41,977,954	\$41,978,806	
Accum DIT - Cedar/Diamond 4/	13,983,328	13,960,847	13,943,850	13,932,516	13,926,666	13,926,486	
Accum. Def. Invest. Tax Credit 2/	4,277,477	4,334,586	4,391,695	4,448,804	4,505,913	4,563,022	
Total Rate Base	\$160,881,362	\$159,801,741	\$157,563,512	\$156,525,496	\$155,507,945	\$153,332,483	161,348,040
Return on Rate Base 5/	\$962,741	\$956,280	\$942,886	\$936,675	\$930,585	\$917,567	\$11,586,401
Expenses							
Operating Expenses 6/							Total
O&M - Thunder Spirit	\$163,870	\$163,870	\$163,870	\$163,870	\$163,870	\$643,159	
O&M - Cedar Hills	22,722	22,722	22,722	22,722	22,722	66,657	
O&M - Diamond Willow	33,313	33,313	33,313	33,313	33,313	95,693	
Total O&M	219,905	219,905	219,905	219,905	219,905	805,509	3,224,464
Depreciation Expense							
Thunder Spirit Production	\$461,873	\$461,873	\$461,873	\$461,873	\$461,873	\$461,873	
Thunder Spirit Transmission	7,306	7,306	7,306	7,306	7,306	7,306	
Thunder Spirit Expansion	196,109	196,109	196,109	196,109	196,109	196,109	
Cedar Hills Production	97,774	99,984	99,984	99,984	99,984	99,984	
Diamond Willow Production	146,373	147,402	147,402	147,402	147,402	147,402	
Diamond Willow Transmission	3,064	3,064	3,064	3,064	3,064	3,064	
Wind Decommissioning 7/	48,687	48,687	48,687	48,687	48,687	48,687	
Total Depreciation	961,186	964,425	964,425	964,425	964,425	964,425	11,550,427
Property taxes 8/	60,624	60,624	60,624	60,624	60,624	60,624	727,488
Payroll taxes	2,985	2,929	2,933	2,889	2,889	2,889	34,669
Total Expenses	\$1,244,700	\$1,247,883	\$1,247,887	\$1,247,843	\$1,247,843	\$1,833,447	\$15,537,048
Income before Taxes (EBIT)	(\$1,244,700)	(\$1,247,883)	(\$1,247,887)	(\$1,247,843)	(\$1,247,843)	(\$1,833,447)	(\$15,537,048)
Interest Expense	305,272	303,224	298,977	297,007	295,076	290,948	3,673,895
AFUDC Equity Add Back	29,100	29,100	29,100	29,100	29,100	29,096	349,196
Taxable income	(\$1,520,872)	(\$1,522,007)	(\$1,517,764)	(\$1,515,750)	(\$1,513,819)	(\$2,095,299)	(\$18,861,747)
Income Taxes 9/	(\$371,167)	(\$371,444)	(\$370,409)	(\$369,917)	(\$369,446)	(\$511,356)	(\$4,603,189)
Less: ARAM Amortization	27,031	27,031	27,031	27,031	27,031	27,031	324,372
Production Tax Credit 10/	726,281	576,048	713,095	1,130,732	957,193	1,236,432	11,072,093
Net Income Taxes	(\$1,124,479)	(\$974,523)	(\$1,110,535)	(\$1,527,680)	(\$1,353,670)	(\$1,774,819)	(\$15,999,654)
Operating Income	(\$120,221)	(\$273,360)	(\$137,352)	\$279,837	\$105,827	(\$58,628)	\$462,606
Revenue Requirement	\$1,432,582	\$1,626,613	\$1,428,979	\$868,890	\$1,091,020	\$1,291,347	\$14,714,968

2020 Footnotes:

Factor 271 - Integrated Peak and Energy

2019: 69.311563%

1/ Production Tax Credit prior year carryforward of 4,716,298 is projected to be fully utilized during the year along with all current year PTC. Utilization of prior credits is quarterly in April, June, September, and December.

Carryforward:	4,716,297
Quarterly carryforward utilized:	<u>4</u> months (1,179,074)

2/ Investment tax credit: Cedar Hills

Projected 2020 Activity:	685,308
Monthly Amortization:	57,109
Monthly Deferred Tax Amortization:	13,937

3/ Deferred Tax on Wind Decommissioning

2020 Decommissioning Dep. Expense:	584,244
Tax Rate:	<u>24.4049%</u>
2020 Activity:	<u>142,584</u>
Monthly Activity:	11,882

4/ Monthly Deferred Income Tax activity is 1/12 of projected 2020 DIT activity.

	Thunder Spirit	Cedar Hills / I & Expand	Diamond Willow			
Projected DIT activity 2020:	5,465,542	(1,154,948)				
ND Fac. #271:	69.311563%	69.311563%				
ND projected activity:	<u>3,788,253</u>	<u>(800,513)</u>				
Monthly:	315,688	(66,709)				
	January	February	March	April	May	June
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%
Thunder Spirit:	289,738	265,525	238,723	212,774	185,940	159,991
Cedar/Diamond:	(61,226)	(56,109)	(50,445)	(44,962)	(39,292)	(33,808)
	July	August	September	October	November	December
	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
Thunder Spirit:	133,189	106,387	80,437	53,635	27,686	852
Cedar/Diamond:	(28,145)	(22,481)	(16,997)	(11,334)	(5,850)	(180)

5/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	45.132%	4.712%	2.127%
Short Term Debt:	4.053%	3.693%	0.150%
Common Equity:	<u>50.815%</u>	<u>9.650%</u>	<u>4.904%</u>
	100.000%		7.181%
			2.277%

6/ Projected O&M - 2020

	Resp. # 859 Thunder Spirit	Resp. # 858 Cedar Hills	Resp. # 856 Diamond Willow
Budgeted O&M:	2,837,105	393,386	576,758
ND Factor #271:	69.311563%	69.311563%	69.311563%
Budgeted ND O&M:	<u>1,966,442</u>	<u>272,662</u>	<u>399,760</u>
Monthly Budgeted ND O&M:	163,870	22,722	33,313
Annual Easement (ND Allocated):	<u>479,289</u>	<u>43,935</u>	<u>62,380</u>
December O&M:	643,159	66,657	95,693

2020 Footnotes (cont):

7/ Calculation of revised Wind Decommissioning amortization based on updated decommissioning study. Estimated retirement for Diamond Willow and Cedar Hills in 2035, for Thunder Spirit in 2040, and Thunder Spirit Expansion in 2043.

	Total Company Decomm	ND Decomm	ND Decomm Reserve '19	Net Decomm Balance	Estimated Remaining Life	Annual Amortization
Diamond Willow	3,586,826	2,486,085	(327,505)	2,158,580	16	134,911
Cedar Hills	2,633,316	1,825,192	(369,363)	1,455,829	16	90,989
Thunder Spirit	8,637,731	5,986,946	(495,721)	5,491,225	21	261,487
TS Expansion	3,214,039	2,227,701		2,227,701	23	96,857
	18,071,912	12,525,924	(1,192,589)	11,333,335		584,244
	Monthly Decommissioning Amortization:					48,687

8/ Property tax (Thunder Spirit accrues generation taxes in lieu of ad valorem taxes for production)

	2020 Estimated
Thunder Spirit - Generation:	670,345
Cedar Hills:	41,958
Diamond Willow:	337,288
	1,049,591
ND Fac. #271:	69.311563%
Total North Dakota:	727,488
Monthly:	60,624

9/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
1- tax rate 75.5951%

10/ Production Tax Credit. Current year, all Diamond Willow and Cedar Hills turbines are no longer eligible for PTC's by June.

	January	February	March	April	May	June
Thunder Spirit:	67,910,000	47,355,000	48,670,000	40,215,000	47,149,000	41,756,000
Diamond (eligible for PTC):	3,160,150	2,755,200	2,762,900	2,343,600	2,382,450	1,828,605
Cedar (eligible for PTC):	4,700,000	3,939,232	4,942,277	4,374,571	4,267,964	302,191
Total Generation:	75,770,150	54,049,432	56,375,177	46,933,171	53,799,414	43,886,796
Projected PTC (rate \$.025/Kwh):	1,894,254	1,351,236	1,409,379	1,173,329	1,344,985	1,097,170
Projected ND PTC (Fac. #271):	1,312,937	936,563	976,863	813,253	932,230	760,466

	July	August	September	October	November	December
Thunder Spirit:	41,914,000	33,244,000	41,153,000	65,255,000	55,240,000	71,355,000
Diamond (eligible for PTC):	0	0	0	0	0	0
Cedar (eligible for PTC):	0	0	0	0	0	0
Total Generation:	41,914,000	33,244,000	41,153,000	65,255,000	55,240,000	71,355,000
Projected PTC (rate \$.025/Kwh):	1,047,850	831,100	1,028,825	1,631,375	1,381,000	1,783,875
Projected ND PTC (Fac. #271):	726,281	576,048	713,095	1,130,732	957,193	1,236,432

Notice of Annual Update to the Renewable Resource Cost Adjustment with the North Dakota Public Service Commission

On November 1, 2019, Montana-Dakota Utilities Co. (Montana-Dakota) filed an application with the North Dakota Public Service Commission (Commission) to update its Renewable Resource Cost Adjustment (RRCA) rates in accordance with the Company's Renewable Resource Cost Adjustment Rate 55 tariff that states the rates will be revised annually to reflect the most recent projected level of costs to be recovered.

The proposed Renewable Resource Cost Adjustment rates reflect North Dakota's allocation of the Company's investments in its three wind facilities (Diamond Willow, Cedar Hills, and Thunder Spirit) currently not being recovered through the Company's electric service rates and the amortization of the under-recovered RRCA balance through 2019.

Montana-Dakota has requested the proposed RRCA rates be effective with service rendered on and after February 1, 2020, subject to Commission review and approval. This change is 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 typical residential customer using 894 Kwh will see an increase of \$0.75 per month, or \$9.00 annually. The RRCA is shown as a separate line item on your bill.

	<u>Residential & Small General</u>
Applicable Rate Schedules	10, 13, 16, 20, 25, & 40
Current Rate	\$0.00777 per Kwh
Proposed Rate	\$0.00861 per Kwh
Change	\$0.00084 per Kwh

	<u>Large General</u>
Applicable Rate Schedules	30, 31, 32, 38, 48, and contracts
Current Rate	\$0.00754 per Kwh
Proposed Rate	\$0.00783 per Kwh
Change	\$0.00029 per Kwh

	<u>Lighting</u>
Applicable Rate Schedules	41 & 52
Current Rate	\$0.00813 per Kwh
Proposed Rate	\$0.00827 per Kwh
Change	\$0.00014 per Kwh

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