

November 8, 2019

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

Re: Annual Update to the Generation Resource Recovery Rate 56 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 Generation Resource Recovery Rate (GRRR) 56 tariff pursuant to the terms of Rate 56 tariff which states that "[t]he GRRR 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 its 6th Revised Sheet No. 40.1 of its electric tariffs, provided herein as Exhibit 1, to be effective with service rendered on and after February 8, 2020.

Montana-Dakota is providing an update its GRRR to illustrate projected costs through December 31, 2020 related to the Company's investment in the Lewis & Clark RICE units. The total projected 2020 costs as allocated to North Dakota are \$3,512,703. The projected 2020 GRRR rates also reflect a projected over-recovered balance of the current GRRR costs of \$80,427, for a total net cost of \$3,432,276. The total cost to be recovered through the rates represents a decrease of \$165,676 from the revenues currently being collected under the GRRR. All costs to be recovered through the GRRR 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 decrease of \$0.03 per month from that currently authorized charge under Rate 56. This change will constitute a decrease of approximately .02% in a residential customer's total bill. The GRRR rates, as proposed, are shown below, along with the change from the current rates implemented March 1, 2019:

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
Residential / Small General Rate/Kwh	\$0.00184	\$0.00187	(\$0.00003)
Large General/KW	\$0.55011	\$0.55642	(\$0.00631)
Space Heating/KW	\$0.23726	\$0.25220	(\$0.01494)
Lighting/Kwh	\$0.00067	\$0.00087	(\$0.00020)

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 herewith submits a check for \$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 to Update its Generation Resource)
Recovery Rider Rate 56 Tariff) Case No. PU-19-____
)

I. Summary of Application

Montana-Dakota Utilities Co. (Montana-Dakota or Applicant) herewith submits this Application to provide an update of its Generation Resources Recovery Rate 56 projected costs through December 2020 related to the Company's investment in the Lewis & Clark RICE units. Montana-Dakota respectfully requests approval of its Generation Resources Recovery Rate 56 tariff 6th Revised Sheet No. 40.1 to be effective with service rendered on and after February 8, 2020. In support of the Company's Application, Montana-Dakota is providing the following Exhibits:

- Exhibit 1 – Generation Resource Recovery Rate 56 6th Revised Sheet No. 40.1.
- Exhibit 2 – Generation Resource Recovery Rate Proposed Rates.
- Exhibit 3 – Projected 2020 Lewis & Clark RICE Units Revenue Requirement.
- Exhibit 4 – Balancing Account Summary with Carrying Charge Calculation, 2018 and 2019 Monthly Revenue Requirement Calculation.
- Exhibit 5 – Customer Filing Notice.

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 Generation Resource Recovery Rider Rate 56

On February 27, 2014, Montana-Dakota filed an application with the Commission for approval of a Generation Resource Recovery Rider (GRRR) tariff and proposed rates in Case Nos. PU-14-108 and PU-14-109 in order to recover North Dakota's share of the Company's investment in the Heskett III Combustion Turbine Station (Heskett III). On July 24, 2014, an amended Settlement Agreement was submitted to the Commission revising the administration of the rates to exclude the lighting rate schedules and special contract customers. On August 20, 2014, the Commission approved the amended Settlement Agreement. On November 14, 2014, Montana-Dakota filed its first GRRR rates under Rate 56. The Commission approved the GRRR rates on January 7, 2015 and the Company's first GRRR rates were implemented on January 9, 2015. On October 26, 2015, Montana-Dakota filed an application to update the GRRR rates to reflect both the actual project costs and expenditures incurred through July 2015 for Heskett III and the projected capital costs and expenditures through December 2016 for Heskett III and the Reciprocating Internal Combustion Engines (RICE) units at the Company's Lewis & Clark Generating Station. On January

5, 2016, the Commission approved Montana-Dakota's GRRR Rate 56 tariff, effective with service rendered on and after January 7, 2016. Pursuant to the Settlement in Case No. PU-16-666 approved by the Commission on June 16, 2017, the Heskett III unit was removed from the GRRR rates and rolled into the base retail rates and the Lewis & Clark RICE units were ordered to be continued to be collected through the GRRR rider rates. Rates for Case No. PU-16-666, including the amortization of the deferred account established in the case, were effective with service rendered on and after August 7, 2017. Annual updates to the rates authorized in the GRRR, beginning with the rates authorized in Case No. PU-17-469, reflected the Tax Cuts & Jobs Act of 2017. Montana-Dakota's currently authorized GRRR rates reflect the projected 2019 revenue requirement for the Lewis & Clark RICE units, and the elimination of the deferred under collected balance based on the settlement agreement in Case No. PU-18-89.

The Company is proposing the rates proposed herein be effective with service rendered on and after February 8, 2020.

IV. Calculation of the Proposed GRRR Rates

The following exhibits are included herein in support of the Company's proposed GRRR rates and in accordance with the Company's Rate 56 tariff:

- *Exhibit 2* shows the derivation of the proposed GRRR rates and the allocation of the total costs to each of the rate classes, including all special contracts. Total costs to be recovered, \$3,432,276, include the projected 2020 revenue requirement for the Lewis & Clark RICE units of \$3,512,703 and a projected over-recovered balance of \$80,427. Projected costs are then allocated to the

rate classes based on the Company's Demand - 12 CP Factor No. 2. The Demand Factor No. 2 from Case No. PU-16-666 has been updated to reflect the inclusion of the special contract rate customers previously excluded from the allocator.

- *Exhibit 3* shows the projected monthly revenue requirements for the Lewis & Clark RICE units for the year ending December 2020. The revenue requirement is comprised of:
 - Average rate base of \$25,549,382.
 - Return: reflective of the projected 2020 Capital Structure and a Return on Equity of 9.65% authorized in the Company's last electric rate case (Case No. PU-16-666). Per the Settlement of Case No. PU-16-666, the authorized capital structure and return on equity of 9.45% were to be used through year 2019.
 - Depreciation Expense: annual depreciation rate of 2.5% based on a 40-year life as authorized in Case No. PU-16-666.
 - Taxes Other than Income: reflective of projected property taxes.
 - Income Taxes: current federal and state income tax rates.
- *Exhibit 4* shows the projected GRRR Balancing Account (per Paragraph 2d of Rate 56) through December 2019. As shown on Exhibit 4, the Company applied a total of \$251,968 of the non-plant excess deferred income tax credit to the GRRR deferred under collected balance for the final three months of 2018. The over recovered balance includes a carrying charge based on the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

V. Estimated Impact by Customer Class

As shown in Exhibit 2, Montana-Dakota's projected 2020 costs to be recovered under the GRRR rates are \$3,432,276. A residential customer using 894 Kwh would see a decrease of \$0.03 per month, or \$0.36 annually. Montana-Dakota requests approval of the following GRRR rates to be effective February 8, 2020.

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
Residential / Small General Rate/Kwh	\$0.00184	\$0.00187	(\$0.00003)
Large General/KW	\$0.55011	\$0.55642	(\$0.00631)
Space Heating/KW	\$0.23726	\$0.25220	(\$0.01494)
Lighting/Kwh	\$0.00067	\$0.00087	(\$0.00020)

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.

VII. Conclusion

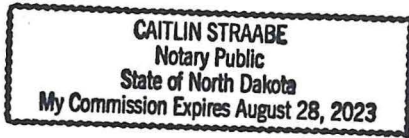
Montana-Dakota respectfully requests that the Commission approve this annual update to the Company's GRRR rates applicable under Generation Resource Recovery Rider Rate 56 tariff to be effective with service rendered on and after February 8, 2020.

Dated this 8th day of November 2019.



Tamie A. Aberle
Director of Regulatory Affairs

Subscribed and sworn to before me this 8th 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 Subsidiary of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
6th Revised Sheet No. 40.1
Canceling 5th Revised Sheet No. 40.1

Generation Resource Recovery Rider Rate 56

Page 2 of 2

2. Generation Resource Recovery Rider:

Residential & Small General	0.184¢ per Kwh
Large General	55.011¢ per KW
General Space Heating Rate 32	23.726¢ per KW
Lighting	0.067¢ per Kwh

Date Filed: November 8, 2019

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.:

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Subsidiary of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
65th Revised Sheet No. 40.1
Canceling 54th Revised Sheet No. 40.1

Generation Resource Recovery Rider Rate 56

Page 2 of 2

2. Generation Resource Recovery Rider:

Residential & Small General	0.1870.184¢ per Kwh
Large General	55.64255.011¢ per KW
General Space Heating Rate 32	25.22023.726¢ per KW
Lighting	0.0870.067¢ per Kwh

Date Filed: November 22, 2019

Effective Date: Service rendered on and after March 1, 2019

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-18-380

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Proposed 2020 Generation Rider Rates**

	<u>Total</u>
Projected 2020 Revenue Requirement 1/	\$3,512,703
Projected December 2019 (Over)/Under Collection 2/	(\$80,427)
Total Cost to be Recovered through GRRR Rates	<u>\$3,432,276</u>

<u>Allocation of Costs & Proposed Rates</u>	<u>Allocated GRRR Costs 3/</u>	<u>Projected Billing Determinants</u>	<u>Proposed GRRR Rates</u>
Residential & Small General	\$1,612,352	875,587,833 Kwh	\$0.00184 per Kwh
Large General	1,738,078	3,159,504 KW	\$0.55011 per KW
Space Heating Rate 32	65,876	277,650 KW	\$0.23726 per KW
Lighting	15,970	23,828,658 Kwh	\$0.00067 per Kwh
	<u>\$3,432,276</u>		

<u>Change in Rates</u>	<u>Proposed GRRR Rates</u>	<u>Current GRRR Rates 4/</u>	<u>Change in GRRR Rates</u>
Residential & Small General	\$0.00184	\$0.00187	(\$0.00003)
Large General	\$0.55011	\$0.55642	(\$0.00631)
Space Heating Rate 32	\$0.23726	\$0.25220	(\$0.01494)
Lighting	\$0.00067	\$0.00087	(\$0.00020)

1/ Exhibit 3

2/ Exhibit 4

3/ Demand Allocation Factor 2:

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	50.639222%	(Rates 30, 31, 38, 48, and contracts)
Space Heating Rate 32	1.919302%	(Rate 32)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

4/ Current GRRR rates effective March 1, 2019.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Revenue Requirement - Lewis & Clark RICE
Projected Year End 2020

	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		
Rate Base														
Total Plant Balance	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	
Total Accumulated Reserve	\$3,242,556	\$3,308,682	\$3,374,808	\$3,440,934	\$3,507,060	\$3,573,186	\$3,639,312	\$3,705,438	\$3,771,564	\$3,837,690	\$3,903,816	\$3,969,942	\$3,606,249	
Net Plant in Service	\$28,498,270	\$28,432,144	\$28,366,018	\$28,299,892	\$28,233,766	\$28,167,640	\$28,101,514	\$28,035,388	\$27,969,262	\$27,903,136	\$27,837,010	\$27,770,884	\$28,134,577	
Accum Def Income Taxes 1/	\$2,511,294	\$2,531,419	\$2,549,513	\$2,565,640	\$2,579,733	\$2,591,859	\$2,601,954	\$2,610,017	\$2,616,114	\$2,620,179	\$2,622,277	\$2,622,342		
Total Plant in Service	\$25,986,976	\$25,900,725	\$25,816,505	\$25,734,252	\$25,654,033	\$25,575,781	\$25,499,560	\$25,425,371	\$25,353,148	\$25,282,957	\$25,214,733	\$25,148,542	\$25,549,382	
Return on Rate Base 2/	\$155,510	\$154,994	\$154,490	\$153,998	\$153,518	\$153,050	\$152,594	\$152,150	\$151,717	\$151,297	\$150,889	\$150,493	\$1,834,700	
Expenses														
Operating Expenses													Total	
Depreciation	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	793,512
Property Tax	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,669	476,006
Total Expenses	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,795	\$1,269,518
Income before Taxes (EBIT)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,795)	(\$1,269,518)
Interest Expense	49,310	49,147	48,987	48,831	48,679	48,530	48,385	48,245	48,108	47,974	47,845	47,719	47,719	581,760
AFUDC Equity Add Back	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,027	12,357
Taxable income	(\$154,073)	(\$153,910)	(\$153,750)	(\$153,594)	(\$153,442)	(\$153,293)	(\$153,148)	(\$153,008)	(\$152,871)	(\$152,737)	(\$152,608)	(\$152,487)	(\$152,487)	(\$1,838,921)
Income Taxes 3/	(\$37,601)	(\$37,562)	(\$37,523)	(\$37,484)	(\$37,447)	(\$37,411)	(\$37,376)	(\$37,341)	(\$37,308)	(\$37,275)	(\$37,244)	(\$37,214)	(\$37,214)	
Net Income Taxes	(\$37,601)	(\$37,562)	(\$37,523)	(\$37,484)	(\$37,447)	(\$37,411)	(\$37,376)	(\$37,341)	(\$37,308)	(\$37,275)	(\$37,244)	(\$37,214)	(\$37,214)	(\$448,786)
Operating Income	(\$68,192)	(\$68,231)	(\$68,270)	(\$68,309)	(\$68,346)	(\$68,382)	(\$68,417)	(\$68,452)	(\$68,485)	(\$68,518)	(\$68,549)	(\$68,581)	(\$68,581)	(\$820,732)
Revenue Requirement	\$295,921	\$295,290	\$294,675	\$294,076	\$293,490	\$292,918	\$292,362	\$291,821	\$291,291	\$290,779	\$290,281	\$289,799	\$289,799	\$3,512,703

Factor 15-Integrated Sys. 12 2019
Month Peak Demand 70.925157%

1/ Monthly Deferred Income Tax activity is 1/12 of projected 2020 DIT activity. Monthly activity prorated based on DIT proration methodology.

Projected DIT activity 2020: 404,827
ND Fac. #15: 70.925157%
ND projected activity: 287,124
Monthly: 23,927

	January	February	March	April	May	June	July	August	September	October	November	December
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
	21,960	20,125	18,094	16,127	14,093	12,126	10,095	8,063	6,097	4,065	2,098	65

2/ 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	50.815%	9.650%	4.904%
	100.000%		7.181%
			2.277%

3/ Income Tax Rate: 2020
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
Generation Resource Cost Adjustment
Balancing Account and Carry Charge Calculation**

	Cumulative									
	Beginning Balance	Revenue Requirement 1/	Revenue Collections	Less: Non-plant EDIT 2/	Ending Balance 3/	Carrying Charge Calculation			Grand Total (Over)/Under Collection	
						Deferred Income Tax	Net Balance	Rate 4/	Carrying Charge 4/	
September 2018 5/					\$351,608	\$85,810	\$265,798	2.1300%		\$373,500
October	\$351,608	\$315,457	\$338,022	\$83,989	245,054	59,805	185,249	2.2500%	\$498	267,444
November	245,054	314,953	340,631	83,989	135,387	33,041	102,346	2.3300%	360	158,137
December	135,387	314,465	386,276	83,990	(20,414)	-	(20,414)	2.3700%	202	2,538
January 2019	(20,414)	306,226	420,845		(135,033)	-	(135,033)	2.3700%	(40)	(112,121)
February	(135,033)	305,548	428,004		(257,489)	-	(257,489)	2.3900%	(269)	(234,846)
March	(257,489)	304,890	390,484		(343,083)	-	(343,083)	2.4000%	(515)	(320,955)
April	(343,083)	304,249	274,027		(312,861)	-	(312,861)	2.3800%	(680)	(291,413)
May	(312,861)	303,628	247,187		(256,420)	-	(256,420)	2.3500%	(613)	(235,585)
June	(256,420)	303,026	247,701		(201,095)	-	(201,095)	2.1700%	(464)	(180,724)
July	(201,095)	302,443	269,385		(168,037)	-	(168,037)	2.1000%	(352)	(148,018)
August	(168,037)	301,878	290,355		(156,514)	-	(156,514)	1.9500%	(273)	(136,768)
September	(156,514)	301,334	263,885		(119,065)	-	(119,065)	1.8900%	(247)	(99,566)
October - Est.	(119,065)	300,808	267,392		(85,649)	-	(85,649)	1.8900%	(188)	(66,338)
November - Est.	(85,649)	300,300	292,064		(77,413)	-	(77,413)	1.8900%	(135)	(58,237)
December - Est.	(77,413)	299,813	321,881		(99,481)	-	(99,481)	1.8900%	(122)	(80,427)
Total		\$4,579,018	\$4,778,139	\$251,968					(\$2,838)	

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

2/ Pursuant to settlement in Commission Order in Case No. PU-18-89, under recovered balance from Case No. PU-16-666 eliminated by non-plant excess deferred taxes credit.

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

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

5/ Ending (Over)/Under balance per Case No. PU-18-380, Exhibit 4, page 1, submitted on November 2, 2018.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Revenue Requirement - Lewis & Clark RICE
Actual Year End 2018

	Actual From Prior Filing									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	\$32,033,855	\$32,033,855	\$32,033,855	\$32,033,855	\$31,793,124	\$31,793,124	\$31,793,124	\$31,793,124	\$31,793,124	\$31,793,124	\$31,793,124	\$31,793,124	\$31,873,368
Accumulated Reserve													
Total Accumulated Reserve	\$1,656,239	\$1,722,976	\$1,789,714	\$1,856,451	\$1,923,188	\$1,989,424	\$2,055,659	\$2,121,895	\$2,188,130	\$2,254,366	\$2,320,602	\$2,386,838	\$2,022,124
Net Plant in Service	\$30,377,616	\$30,310,879	\$30,244,141	\$30,177,404	\$29,869,936	\$29,803,700	\$29,737,465	\$29,671,229	\$29,604,994	\$29,538,758	\$29,472,522	\$29,406,286	\$29,851,244
Accum Def Income Taxes 1/	\$1,755,255	\$1,785,861	\$1,813,378	\$1,837,904	\$1,859,337	\$1,877,778	\$1,893,130	\$1,905,393	\$1,914,665	\$1,918,891	\$1,921,072	\$1,921,139	
Total Plant in Service	\$28,622,361	\$28,525,018	\$28,430,763	\$28,339,500	\$28,010,599	\$27,925,922	\$27,844,335	\$27,765,836	\$27,690,329	\$27,619,867	\$27,551,450	\$27,485,147	\$27,984,261
Return on Rate Base 2/	\$173,213	\$172,624	\$172,054	\$171,501	\$169,511	\$168,998	\$168,505	\$168,030	\$167,573	\$167,146	\$166,732	\$166,331	\$2,032,218
Expenses													
Operating Expenses													Total
Depreciation	66,737	66,737	66,737	66,737	66,737	66,235	66,235	66,235	66,235	66,235	66,235	66,235	797,330
Property Tax 3/	35,088	35,088	35,088	35,088	35,088	35,088	35,088	35,088	35,088	44,386	44,386	44,387	448,951
Total Expenses	\$101,825	\$101,825	\$101,825	\$101,825	\$101,825	\$101,323	\$101,323	\$101,323	\$101,323	\$110,621	\$110,621	\$110,622	\$1,246,281
Income before Taxes (EBIT)	(\$101,825)	(\$101,825)	(\$101,825)	(\$101,825)	(\$101,825)	(\$101,323)	(\$101,323)	(\$101,323)	(\$101,323)	(\$110,621)	(\$110,621)	(\$110,622)	(\$1,246,281)
Interest Expense	56,148	55,957	55,772	55,593	54,947	54,781	54,621	54,467	54,319	54,181	54,047	53,917	658,750
AFUDC Equity Add Back										3,781	3,781	3,781	11,343
Taxable income	(\$157,973)	(\$157,782)	(\$157,597)	(\$157,418)	(\$156,772)	(\$156,104)	(\$155,944)	(\$155,790)	(\$155,642)	(\$161,021)	(\$160,887)	(\$160,758)	(\$1,893,688)
Income Taxes 4/	(\$38,553)	(\$38,507)	(\$38,461)	(\$38,418)	(\$38,260)	(\$38,097)	(\$38,058)	(\$38,020)	(\$37,984)	(\$39,297)	(\$39,264)	(\$39,233)	
Net Income Taxes	(\$38,553)	(\$38,507)	(\$38,461)	(\$38,418)	(\$38,260)	(\$38,097)	(\$38,058)	(\$38,020)	(\$37,984)	(\$39,297)	(\$39,264)	(\$39,233)	(\$462,152)
Operating Income	(\$63,272)	(\$63,318)	(\$63,364)	(\$63,407)	(\$63,565)	(\$63,226)	(\$63,265)	(\$63,303)	(\$63,339)	(\$71,324)	(\$71,357)	(\$71,389)	(\$784,129)
Revenue Requirement	\$312,831	\$312,113	\$311,420	\$310,745	\$308,322	\$307,195	\$306,594	\$306,016	\$305,459	\$315,457	\$314,953	\$314,465	\$3,725,570

Factor 15-Integrated Sys. 12 2018
Month Peak Demand 71.042017%

1/ Monthly Deferred Income Tax activity, October - December updated to reflect year end DIT activity, prorated based on DIT proration methodology.

ADIT Change for 2018:	566,020	October	November	December
Allocated to ND (Fac. #15):	402,112	16.99%	8.77%	0.27%
January - September (\$36,388 monthly):	327,492	4,226	2,181	67
Remainder for 2019:	74,620			
Monthly (October - December):	24,873			

2/ Capital structure with authorized return on equity from most recent rate case.

	Ratio	Cost	
Long Term Debt	42.673%	5.245%	2.238%
Short Term Debt	4.840%	2.402%	0.116%
Preferred Equity	1.084%	4.579%	0.050%
Common Equity	51.403%	9.450%	4.858%
	100.000%		7.262%

3/ Property tax: October - December updated to reflect property tax total as of year end.

2018 Actual Property Tax:	448,951
January - September 2018:	315,792
Remaining 2018:	133,159
Monthly for October - December:	44,386

4/ Income Tax Rate 2018
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
Generation Resource Recovery Rider
Revenue Requirement - Lewis & Clark RICE
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	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826	\$31,740,826
Total Accumulated Reserve	\$2,449,038	\$2,515,166	\$2,581,292	\$2,647,418	\$2,713,546	\$2,779,672	\$2,845,798	\$2,911,925	\$2,978,052	\$3,044,178	\$3,110,304	\$3,176,430	\$2,812,735
Net Plant in Service	\$29,291,788	\$29,225,660	\$29,159,534	\$29,093,408	\$29,027,280	\$28,961,154	\$28,895,028	\$28,828,901	\$28,762,774	\$28,696,648	\$28,630,522	\$28,564,396	\$28,928,091
Accum Def Income Taxes	\$2,148,687	\$2,174,541	\$2,197,785	\$2,218,502	\$2,236,607	\$2,252,185	\$2,265,153	\$2,275,512	\$2,283,344	\$2,288,566	\$2,291,262	\$2,291,345	
Total Plant in Service	\$27,143,101	\$27,051,119	\$26,961,749	\$26,874,906	\$26,790,673	\$26,708,969	\$26,629,875	\$26,553,389	\$26,479,430	\$26,408,082	\$26,339,260	\$26,273,051	\$28,928,091
Return on Rate Base 1/	\$164,261	\$163,704	\$163,164	\$162,638	\$162,128	\$161,634	\$161,155	\$160,692	\$160,245	\$159,813	\$159,396	\$158,996	\$1,937,826
Expenses													
Operating Expenses													Total
Depreciation	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	66,126	793,512
Property Tax	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,669	476,006
Total Expenses	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,795	\$1,269,518
Income before Taxes (EBIT)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,795)	(\$1,269,518)
Interest Expense	53,246	53,065	52,890	52,720	52,554	52,394	52,239	52,089	51,944	51,804	51,669	51,539	628,153
AFUDC Equity Add Back	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,027	12,357
Taxable income	(\$158,009)	(\$157,828)	(\$157,653)	(\$157,483)	(\$157,317)	(\$157,157)	(\$157,002)	(\$156,852)	(\$156,707)	(\$156,567)	(\$156,432)	(\$156,307)	(\$1,885,314)
Income Taxes 2/	(\$38,562)	(\$38,518)	(\$38,475)	(\$38,434)	(\$38,393)	(\$38,354)	(\$38,316)	(\$38,280)	(\$38,244)	(\$38,210)	(\$38,177)	(\$38,147)	
Net Income Taxes	(\$38,562)	(\$38,518)	(\$38,475)	(\$38,434)	(\$38,393)	(\$38,354)	(\$38,316)	(\$38,280)	(\$38,244)	(\$38,210)	(\$38,177)	(\$38,147)	(\$460,110)
Operating Income	(\$67,231)	(\$67,275)	(\$67,318)	(\$67,359)	(\$67,400)	(\$67,439)	(\$67,477)	(\$67,513)	(\$67,549)	(\$67,583)	(\$67,616)	(\$67,648)	(\$809,408)
Revenue Requirement	\$306,226	\$305,548	\$304,890	\$304,249	\$303,628	\$303,026	\$302,443	\$301,878	\$301,334	\$300,808	\$300,300	\$299,813	\$3,634,143

Factor 15-Integrated Sys. 12
Month Peak Demand

2019
70.925157%

1/ Capital structure with authorized return on equity from most recent rate case.

	Ratio	Cost	
Long Term Debt	42.673%	5.245%	2.238%
Short Term Debt	4.840%	2.402%	0.116%
Preferred Equity	1.084%	4.579%	0.050%
Common Equity	51.403%	9.450%	4.858%
	100.000%		7.262%

2/ Income Tax Rate:

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

Notice of Annual Update to the Generation Resource Recovery Rider with the North Dakota Public Service Commission

On November 8, 2019, Montana-Dakota Utilities Co. (Montana-Dakota) filed its application with the North Dakota Public Service Commission (Commission) to update its Generation Resource Recovery Rider (GRRR) rates in accordance with the Company's Generation Resource Recovery Rider Adjustment Rate 56 tariff that states the rates will be revised annually to reflect the most recent projected costs to be recovered.

The proposed GRRR rates include North Dakota's allocation of the Company's investment in its Reciprocating Internal Combustion Engines (RICE) units at its Lewis & Clark Generation Station that are not being recovered through the Company's electric rates.

Montana-Dakota has requested the proposed GRRR rates be effective with service rendered on and after February 8, 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 a decrease of \$0.03 per month or a decrease of \$0.36 annually. The GRRR is shown as a separate line item on your bill.

	Residential & Small General
Applicable Rate Schedules	10, 13, 16, 20, 25, & 40
Current Rate	\$0.00187 per Kwh
Proposed Rate	\$0.00184 per Kwh
Change	(\$0.00003) per Kwh
	Large General
Applicable Rate Schedules	30, 31, 38, 48 and contracts
Current Rate	\$0.55642 per Kw
Proposed Rate	\$0.55011 per Kw
Change	(\$0.00631) per Kw
	Space Heating
Applicable Rate Schedule	32
Current Rate	\$0.25220 per Kw
Proposed Rate	\$0.23726 per Kw
Change	(\$0.01494) per Kw
	Lighting
Applicable Rate Schedules	41 & 52
Current Rate	\$0.00087 per Kwh
Proposed Rate	\$0.00067 per Kwh
Change	(\$0.00020) per Kwh

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