

Notice of Ex Parte Communication

Case No. PU-20-344

Pursuant to 28-32-37, an person who has a direct or indirect interest in the outcome of the proceeding may not communicate, directly or indirectly regarding any issue in the proceeding while it is pending without notice and opportunity for all parties to participate in the communication. Consistent with the listed section, this document shall be placed in the record.

a) Party or person providing the ex parte communication:

Josh Askvig on behalf of AARP

b) Description of all written or oral communications received, all written and oral responses to the communications:

Written communication and email to Commissioner Brian Kroshus. The document provided is attached.

c) All responses made written or oral to the ex parte communication:

No response was provided

Any person desiring to rebut the ex parte communication are allowed to do so upon request within ten days after notice of the communication.

Parties, interested persons, and other persons allowed to participate that these matters: Montana-Dakota Utilities Co.; and Commission Advocacy Staff.

Reporting Staff: John M. Schuh



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September 1, 2020

Brian Kroshus, Chair
North Dakota PSC
600 E. Boulevard
Department 408
Bismarck, ND 58505

DOCKET PU-20-344: MDU Transmission Cost Adjustment

Dear Chair Kroshus:

AARP North Dakota is writing today with comments on the MDU transmission cost adjustment rider filing which would increase residential bills by \$40 per year on average to pay for MDU and other utility transmission costs as well as charges from two separate RTOs. We believe the request is unjust and unreasonable and request a public comment hearing.

Many MDU customers, including AARP members, are on low or fixed incomes. In light of recent labor force numbers showing that there have been a huge spike in unemployment claims as noted [here](#), reports that North Dakota will see the largest increase in food insecurity rates (77 percent) compared to all other states ([Feeding America study](#)), and the general feeling that the economy has been impacted in other ways by COVID 19, an increase like the one proposed here is too steep. Also, the increase is a double whammy considering it is going to fund the transmission upgrades in other states of limited or no benefit to North Dakota under the so-called multi-value MISO transmission project plan.

The increase in spending includes for projects in other states for which North Dakota ratepayers receive little or no benefit. Just \$5 million of the increase is for MDU transmission projects.

The increase request also includes funding proposed MDU projects not yet in service. AARP believes that projects not yet in service should not be recovered in the rider at this time.

The size of the increase is also alarming. The per kWh surcharge jumps from .47 cents per kWh to .849 cents per kWh. The \$15 million rate increase request is up from \$9 million last time. Further, the ROE of 9.65% (authorized in MDU's last rate case) is too high given the reduction in interest rates during the pandemic.

MDU is in the wrong RTO, which raises costs to its customers. This is because it takes service from WAPA to serve much of its load. Since WAPA is in SPP and MDU is in MISO, there are additional costs that would be eliminated if MDU simply joined SPP. There is no reason for MDU to stay in MISO as it is a western outlier in the MISO footprint (save for the 28,000 customers it serves in far eastern Montana). This has been true ever since Basin and WAPA joined SPP.

Most importantly, MDU needs to be more aggressive at MISO in questioning MISO and member transmission spending plans as well as MISO's new plan to upgrade the grid to comply with (nonexistent in North Dakota's case) renewable energy mandates. The proposed Madison to Dubuque Cardinal Hickory Creek transmission line will cost \$800 million and be paid for in part by North Dakota ratepayers although it is unclear what benefit, if any, they will receive. Opponents of the line claim it is not needed and have sued in court to stop its construction. Further, MISO's new transmission spend plan does not even consider a scenario where load is reduced permanently due to the pandemic.

In any event, the PSC needs to signal that it expects MDU to be more aggressive at MISO in questioning proposals and scenarios which call for millions more in new transmission spending since MISO socializes the cost of new transmission lines to all members. Most of the projects are for states like Minnesota that have aggressive renewable goals, which require massive new transmission spending. North Dakota has no such goal and should be vocal in stating it does not benefit from nor can afford such RTO authorized spending at a time like this.

Finally, the PSC should halt the use of surcharges such as the transmission cost adjustment which automatically flow through qualified spending without the opportunity to offset such spending requests with cost decreases incurred by the utility.

In summary, AARP requests that:

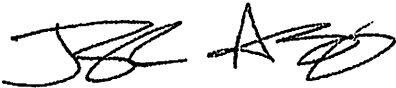
- the PSC schedule a public hearing, including a virtual option to participate and comment, so that customers have an opportunity to comment;
- reduce the ROE from 9.65% given the reduction in interest rates since the pandemic;
- order MDU to plan to exit MISO for SPP;
- order MDU to aggressively question MISO's new spending plans. MISO has apparently refused to consider the possibility of a permanent load reduction due to the pandemic in its planning, which could turn out to be a costly mistake;

North Dakota MDU ratepayers do not want to pay an additional \$40 per year to pay for transmission spending in faraway states for which they receive no benefit. Further, North Dakota does not have aggressive renewable goals like Minnesota, which may need such upgrades to meet their state's energy policy.

In these uncertain times, utility rate increase requests like this one should be closely scrutinized and steps taken to avoid such huge jumps in the future.

AARP North Dakota appreciates this opportunity to comment.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J Askvig". The signature is stylized with a large initial "J" and a prominent "A".

Josh Askvig
State Director

Cc: Commissioners
PSC Staff