

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

October 20, 2020

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

Re: Update to Transmission Cost
Adjustment Rate 59 Tariff
Case No. PU-20-344

At the October 16, 2020 Informal Hearing on the Company's request to update its Transmission Cost Adjustment (TCA) Rate 59 tariff in the above referenced case, the North Dakota Public Service Commission (Commission) requested additional information regarding the change in TCA rates that would result depending on the treatment of the under-recovered balance and implementation date. The following scenarios are attached hereto as Exhibit 1:

- Scenario 1 – Under-recovered balance of \$1,648,161 as included on Page 1 of Exhibit 2 to the Company's July 17, 2020 filing to be collected over two years with an implementation date of November 1, 2020.
- Scenario 2 – Excluding the under-recovered balance of \$1,648,161 from the proposed TCA rates with an implementation date of November 1, 2020.
- Scenario 3 – Delay implementation until December 1, 2020.
- Scenario 4 – Delay implementation until December 1, 2020 and collect under-recovered balance over two years.
- Scenario 5 – Delay implementation until January 1, 2021.
- Scenario 6 – Delay implementation until January 1, 2021 and collect under-recovered balance over two years.

The below table summarizes the resulting residential rates under each scenario, with the scenario noted in parentheses, and the monthly and annual impact to a residential customer using 894 Kwh per month, including the proposed residential rate and bill impact as filed.

Scenario	Residential TCA Rate/Kwh	Monthly Increase	Annual Increase
As Filed	\$0.00849	\$3.35	\$40.20
2-year recovery of balance and 11/1/20 (1)	\$0.00804	\$2.95	\$35.40
Exclude balance and 11/1/20 (2)	\$0.00759	\$2.55	\$30.60
Delay implementation until 12/1/20 (3)	\$0.00876	\$3.59	\$43.08
2-year recovery of balance and 12/1/20 (4)	\$0.00818	\$3.07	\$36.96
Delay implementation until 1/1/21 (5)	\$0.00909	\$3.89	\$46.68
2-year recovery of balance and 1/1/21 (6)	\$0.00834	\$3.22	\$38.64

Upon Commission approval of the TCA rates, the Company will file a compliance filing reflecting the rates authorized by the Commission in this case. To efficiently implement the change in TCA rates, Montana-Dakota requests:

- To implement new TCA rates effective November 1, 2020, approval of the Company's compliance filing no later than October 29, 2020.
- To implement new rates effective December 1, 2020, an approval date no later than November 27, 2020.
- To implement new rates effective January 1, 2021, an approval date no later than December 30, 2020.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachments

cc: Karl Liepitz
Garret Senger

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

	<u>Total</u>	<u>Residential & Small General</u>	<u>Large General & Contracts</u>	<u>Lighting</u>
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	824,081	387,122	433,125	3,834
Net Transmission Expense	<u>\$14,698,867</u>	<u>\$6,904,965</u>	<u>\$7,725,508</u>	<u>\$68,394</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh 7/		0.00045	0.00036	0.00017
Proposed TCA Rate per Kwh		<u>0.00804</u>	<u>0.00642</u>	<u>0.00306</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00330</u></u>	<u><u>\$0.00252</u></u>	<u><u>\$0.00072</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4.

4/ 50% of under collection from Exhibit 5. (\$1,648,161 / 2 years)

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

	Total	Residential & Small General	Large General & Contracts	Lighting
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	0	0	0	0
Net Transmission Expense	<u>\$13,874,786</u>	<u>\$6,517,843</u>	<u>\$7,292,383</u>	<u>\$64,560</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh		0.00000	0.00000	0.00000
Proposed TCA Rate per Kwh		<u>0.00759</u>	<u>0.00606</u>	<u>0.00289</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00285</u></u>	<u><u>\$0.00216</u></u>	<u><u>\$0.00055</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4.

4/ No recovery of under collected balance in current period, see Exhibit 5 for current balance.

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

Under Collection Reflects Projected November Difference in Projected/Current Rates

	<u>Total</u>	<u>Residential & Small General</u>	<u>Large General & Contracts</u>	<u>Lighting</u>
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	2,144,827	1,007,558	1,127,289	9,980
Net Transmission Expense	<u>\$16,019,613</u>	<u>\$7,525,401</u>	<u>\$8,419,672</u>	<u>\$74,540</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh		0.00117	0.00094	0.00045
Proposed TCA Rate per Kwh		<u>0.00876</u>	<u>0.00700</u>	<u>0.00334</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00402</u></u>	<u><u>\$0.00310</u></u>	<u><u>\$0.00100</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4.

4/ Under collection plus estimated difference in November recoveries (Proposed rates to current rates).

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

Under Collection Reflects Projected November Difference in Projected/Current Rates

	<u>Total</u>	<u>Residential & Small General</u>	<u>Large General & Contracts</u>	<u>Lighting</u>
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	1,072,414	503,779	563,645	4,990
Net Transmission Expense	<u>\$14,947,200</u>	<u>\$7,021,622</u>	<u>\$7,856,028</u>	<u>\$69,550</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh		0.00059	0.00047	0.00022
Proposed TCA Rate per Kwh		<u>0.00818</u>	<u>0.00653</u>	<u>0.00311</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00344</u></u>	<u><u>\$0.00263</u></u>	<u><u>\$0.00077</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4

4/ 50 % of under collection plus estimated difference in November recoveries (Proposed rates to current rates).
(\$2,144,827 / 2 years)

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

Under Collection Reflects Projected November and December Difference in Projected/Current Rates

	<u>Total</u>	<u>Residential & Small General</u>	<u>Large General & Contracts</u>	<u>Lighting</u>
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	2,750,200	1,291,938	1,445,465	12,797
Net Transmission Expense	<u>\$16,624,986</u>	<u>\$7,809,781</u>	<u>\$8,737,848</u>	<u>\$77,357</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh		0.00150	0.00120	0.00057
Proposed TCA Rate per Kwh		<u>0.00909</u>	<u>0.00726</u>	<u>0.00346</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00435</u></u>	<u><u>\$0.00336</u></u>	<u><u>\$0.00112</u></u>

1/ Exhibit 3

2/ Demand Allocation Factor 2

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4.

4/ Under collection plus estimated difference in November and December recoveries (Proposed rates to current rates).

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment
Proposed TCA Rates**

Under Collection Reflects Projected November and December Difference in Projected/Current Rates

	Total	Residential & Small General	Large General & Contracts	Lighting
Projected Costs to be Recovered				
Net Expense 1/ 2/	\$10,535,910	\$4,949,367	\$5,537,519	\$49,024
Transmission Projects' Revenue Requirement 3/	3,338,876	1,568,476	1,754,864	15,536
Under/(Over) Balance 4/	1,375,100	645,970	722,732	6,398
Net Transmission Expense	<u>\$15,249,886</u>	<u>\$7,163,813</u>	<u>\$8,015,115</u>	<u>\$70,958</u>
Projected Kwh 5/	2,085,230,255	859,108,688	1,203,770,134	22,351,433
Proposed TCA Rate per Kwh				
Revenue Requirement per Kwh		\$0.00759	\$0.00606	\$0.00289
Amortization per Kwh		0.00075	0.00060	0.00029
Proposed TCA Rate per Kwh		<u>0.00834</u>	<u>0.00666</u>	<u>0.00318</u>
Current TCA Rate per Kwh 6/				
Revenue Requirement per Kwh		\$0.00497	\$0.00409	\$0.00245
Amortization per Kwh		<u>(0.00023)</u>	<u>(0.00019)</u>	<u>(0.00011)</u>
Current TCA Rate per Kwh		0.00474	0.00390	0.00234
Change in TCA Rate		<u><u>\$0.00360</u></u>	<u><u>\$0.00276</u></u>	<u><u>\$0.00084</u></u>

1/ Exhibit 3

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Large General & Contracts	52.558524%	(Rates 30, 31, 32, 38, 48, and Contracts)
Lighting	0.465300%	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4

4/ 50 % of under collection plus estimated difference in November and December recoveries (Proposed rates to current rates).
(\$2,750,200 / 2 years)

5/ Projected Kwh sales.

6/ Current TCA rates effective October 28, 2019.