

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

October 30, 2020

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-20-_____

Montana-Dakota Utilities Co. (Montana-Dakota) electronically submits for Commission approval 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 7th Revised Sheet No. 40.1 of its electric tariffs, provided herein as Exhibit 1, to be effective with service rendered on and after February 1, 2021.

Montana-Dakota is providing an update its GRRR to illustrate projected costs through December 31, 2021 related to the Company’s investment in the Lewis & Clark RICE units. The total projected 2021 costs as allocated to North Dakota are \$3,394,300. The projected 2021 GRRR rates also reflect a projected under-recovered balance of the current GRRR costs of \$57,901, for a total net cost of \$3,452,201. The total cost to be recovered through the rates represents an increase of \$19,925 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.

	Current Filing	Prior Filing	Variance
Revenue Requirement:	3,394,300	3,512,703	(118,403)
Under/(Over) Recovery Balance:	57,901	(80,427)	138,328
	\$3,452,201	\$3,432,276	\$19,925

A residential customer using 894 Kwh would see a total increase of \$0.04 per month from that currently authorized charge under Rate 56. This change will constitute an increase of approximately 0.03% in a residential customer’s total bill. The GRRR rates, as proposed, are shown below, along with the change from the current rates implemented February 8, 2020:

	Proposed Rate	Current Rate	Change
Residential / Small General Rate/Kwh	\$0.00188	\$0.00184	\$0.00004
Large General/KW	\$0.55663	\$0.55011	\$0.00652
Space Heating/KW	\$0.24058	\$0.23726	\$0.00332
Lighting/Kwh	\$0.00084	\$0.00067	\$0.00017

Please refer all inquiries regarding this filing to:

Travis R. Jacobson
 Director of Regulatory Affairs
 Montana-Dakota Utilities Co.
 400 North Fourth Street
 Bismarck, ND 58501
 Travis.Jacobson@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 will separately submit 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 this electronic filing, in lieu of an original and seven (7) physical copies, be accepted as being in full compliance with the filing requirements of this Commission.

Please contact me at 701.222.7855 or travis.jacobson@mdu.com with any questions.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
 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-20-____
)

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 2021 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 7th Revised Sheet No. 40.1 to be effective with service rendered on and after February 1, 2021. In support of the Company’s Application, Montana-Dakota is providing the following Exhibits:

- Exhibit 1 – Generation Resource Recovery Rate 56 7th Revised Sheet No. 40.1
- Exhibit 2 – Generation Resource Recovery Rate Proposed Rates
- Exhibit 3 – Projected 2021 Lewis & Clark RICE Units Revenue Requirement
- Exhibit 4 – Balancing Account Summary with Carrying Charge Calculation, 2019 and 2020 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 93,382 customers in North Dakota as of September 30, 2020.

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 2020 revenue requirement for the Lewis & Clark RICE units and the amortization of the over collected balance in Case No. PU-19-364.

The Company is proposing the rates proposed herein be effective with service rendered on and after February 1, 2021.

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, \$3,452,201, include the projected 2021 revenue requirement for the Lewis & Clark RICE units of \$3,394,300 and a projected under-recovered balance of \$57,901. 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 previously been updated to reflect the inclusion of the special contract rate customers.

- *Exhibit 3* shows the projected monthly revenue requirements for the Lewis & Clark RICE units for the year ending December 2021. The revenue requirement is comprised of:
 - Average rate base of \$24,612,918.
 - Return: reflective of the projected 2021 Capital Structure and a Return on Equity of 9.65% authorized in the Company's last electric rate case (Case No. PU-16-666).
 - 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 2020. The under 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 2021 costs to be recovered under the GRRR rates are \$3,452,201. A residential customer using 894 Kwh would see an increase of \$0.04 per month, or \$0.48 annually. Montana-Dakota requests approval of the following GRRR rates to be effective February 1, 2021.

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
Residential / Small General Rate/Kwh	\$0.00188	\$0.00184	\$0.00004
Large General/KW	\$0.55663	\$0.55011	\$0.00652
Space Heating/KW	\$0.24058	\$0.23726	\$0.00332
Lighting/Kwh	\$0.00084	\$0.00067	\$0.00017

Montana-Dakota will separately submit 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 1, 2021.

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

7th Revised Sheet No. 40.1

Canceling 6th Revised Sheet No. 40.1

Generation Resource Recovery Rider Rate 56

Page 2 of 2

2. Generation Resource Recovery Rider:

Residential & Small General	0.188¢ per Kwh
Large General	55.663¢ per KW
General Space Heating Rate 32	24.058¢ per KW
Lighting	0.084¢ per Kwh

Date Filed: October 30, 2020

Effective Date:

Issued By: Travis R. Jacobson
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

~~67~~⁶⁷th Revised Sheet No. 40.1

Canceling ~~56~~⁵⁶th 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 <u>0.188</u> ¢ per Kwh
Large General	55.011 <u>55.663</u> ¢ per KW
General Space Heating Rate 32	23.726 <u>24.058</u> ¢ per KW
Lighting	0.067 <u>0.084</u> ¢ per Kwh

Date Filed: ~~November 8, 2019~~October 30, 2020

Effective Date: ~~Service rendered on and after February 8, 2020~~

Issued By: ~~Tamie A. Aberle~~Travis R. Jacobson
Director – Regulatory Affairs

Case No.: ~~PU-19-364~~

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Proposed 2021 Generation Rider Rates**

	<u>Total</u>
Projected 2021 Revenue Requirement 1/	\$3,394,300
Projected December 2020 (Over)/Under Collection 2/	\$57,901
Total Cost to be Recovered through GRRR Rates	<u>\$3,452,201</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	\$1,621,712	864,798,670 Kwh	\$0.00188 per Kwh
Large General	1,748,168	3,140,613 KW	\$0.55663 per KW
Space Heating Rate 32	66,258	275,414 KW	\$0.24058 per KW
Lighting	16,063	19,125,548 Kwh	\$0.00084 per Kwh
	<u>\$3,452,201</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	\$0.00188	\$0.00184	\$0.00004
Large General	\$0.55663	\$0.55011	\$0.00652
Space Heating Rate 32	\$0.24058	\$0.23726	\$0.00332
Lighting	\$0.00084	\$0.00067	\$0.00017

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 February 8, 2020.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Revenue Requirement - Lewis & Clark RICE
Projected Year End 2021**

	Projected												Average Balance
	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021	
Rate Base													
Plant Balance													
Fuel Holders, Products & Acc. Generators	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784
Miscellaneous Equipment	2,062	2,062	2,062	2,062	2,062	2,062	2,062	312,963	312,963	312,963	312,963	312,963	312,963
Total Plant Balance	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$32,081,159	\$32,081,159	\$32,081,159	\$32,081,159	\$32,081,159	\$31,899,800
Total Accumulated Reserve	\$4,041,643	\$4,107,831	\$4,174,019	\$4,240,207	\$4,306,395	\$4,372,583	\$4,438,771	\$4,504,959	\$4,571,795	\$4,638,631	\$4,705,467	\$4,772,303	\$4,406,217
Net Plant in Service	\$27,728,615	\$27,662,427	\$27,596,239	\$27,530,051	\$27,463,863	\$27,397,675	\$27,331,487	\$27,576,200	\$27,509,364	\$27,442,528	\$27,375,692	\$27,308,856	\$27,493,583
Accum Def Income Taxes 1/	\$2,817,732	\$2,834,870	\$2,850,278	\$2,864,011	\$2,876,012	\$2,886,339	\$2,894,936	\$2,901,803	\$2,906,995	\$2,910,457	\$2,912,244	\$2,912,299	
Total Plant in Service	\$24,910,883	\$24,827,557	\$24,745,961	\$24,666,040	\$24,587,851	\$24,511,336	\$24,436,551	\$24,674,397	\$24,602,369	\$24,532,071	\$24,463,448	\$24,396,557	\$24,612,918
Return on Rate Base 2/	\$144,047	\$143,565	\$143,094	\$142,631	\$142,179	\$141,737	\$141,304	\$142,680	\$142,263	\$141,857	\$141,460	\$141,073	\$1,707,890
Expenses													
Operating Expenses													Total
Fuel Holders, Products & Acc. Generators	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627
Miscellaneous Equipment	4	4	4	4	4	4	4	4	652	652	652	652	652
Depreciation	66,188	66,188	66,188	66,188	66,188	66,188	66,188	66,188	66,836	66,836	66,836	66,836	796,848
Property Tax	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,932	503,129
Total Expenses	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,763	\$108,763	\$108,763	\$108,768	\$1,299,977
Income before Taxes (EBIT)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,763)	(\$108,763)	(\$108,763)	(\$108,768)	(\$1,299,977)
Interest Expense	44,238	44,090	43,945	43,803	43,664	43,528	43,395	43,818	43,690	43,565	43,443	43,324	524,503
AFUDC Equity Add Back	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,130	13,604
Taxable income	(\$151,219)	(\$151,071)	(\$150,926)	(\$150,784)	(\$150,645)	(\$150,509)	(\$150,376)	(\$150,799)	(\$151,319)	(\$151,194)	(\$151,072)	(\$150,962)	(\$1,810,876)
Income Taxes 3/	(\$36,905)	(\$36,869)	(\$36,833)	(\$36,799)	(\$36,765)	(\$36,732)	(\$36,699)	(\$36,802)	(\$36,929)	(\$36,899)	(\$36,869)	(\$36,842)	
Net Income Taxes	(\$36,905)	(\$36,869)	(\$36,833)	(\$36,799)	(\$36,765)	(\$36,732)	(\$36,699)	(\$36,802)	(\$36,929)	(\$36,899)	(\$36,869)	(\$36,842)	(\$441,943)
Operating Income	(\$71,210)	(\$71,246)	(\$71,282)	(\$71,316)	(\$71,350)	(\$71,383)	(\$71,416)	(\$71,313)	(\$71,834)	(\$71,864)	(\$71,894)	(\$71,926)	(\$858,034)
Revenue Requirement	\$284,750	\$284,160	\$283,585	\$283,017	\$282,464	\$281,923	\$281,394	\$283,078	\$283,215	\$282,718	\$282,233	\$281,763	\$3,394,300

Factor 15-Integrated Sys. 12 2020
Month Peak Demand 70.990922%

1/ Monthly Deferred Income Tax activity is 1/12 of projected 2021 DIT activity. Monthly activity prorated based on DIT proration methodology.

Projected DIT activity 2021: 344,425
ND Fac. #15: 70.990922%
ND projected activity: 244,510
Monthly: 20,376

	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%
	18,701	17,138	15,408	13,733	12,001	10,327	8,597	6,867	5,192	3,462	1,787	55

2/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt	43.871%	4.647%	2.039%
Short Term Debt	6.310%	1.463%	2.131%
Common Equity	49.819%	9.650%	4.808%
	100.000%		6.939%

3/ Income Tax Rate: 2021
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								Grand Total (Over)/Under Collection
	Beginning Balance	Revenue Requirement 1/	Revenue Collections	Ending Balance 2/	Carrying Charge Calculation			Carrying Charge 3/	
				Deferred Income Tax	Net Balance	Rate 3/			
September 2019									(\$99,566) 4/
October	(\$99,566)	\$300,906	\$275,810	(74,470)	-	(74,470)	1.6500%	(\$137)	(74,607)
November	(74,470)	300,392	273,732	(47,810)	-	(47,810)	1.5400%	(96)	(48,043)
December	(47,810)	299,903	303,271	(51,178)	-	(51,178)	1.5400%	(61)	(51,472)
January 2020	(51,178)	301,143	341,041	(91,076)	-	(91,076)	1.5200%	(65)	(91,435)
February	(91,076)	300,508	307,120	(97,688)	-	(97,688)	1.5200%	(115)	(98,162)
March	(97,688)	294,587	302,408	(105,509)	-	(105,509)	0.2900%	(24)	(106,007)
April	(105,509)	293,991	275,469	(86,987)	-	(86,987)	0.1400%	(12)	(87,497)
May	(86,987)	293,411	234,064	(27,640)	-	(27,640)	0.1300%	(9)	(28,159)
June	(27,640)	292,843	246,643	18,560	4,530	14,030	0.1600%	(4)	18,037
July	18,560	292,293	290,353	20,500	5,003	15,497	0.1300%	2	19,979
August	20,500	291,756	286,054	26,202	6,395	19,807	0.1000%	1	25,682
September	26,202	291,234	287,263	30,173	7,364	22,809	0.1100%	2	29,655
October - Est.	30,173	290,727	272,955	47,945	11,701	36,244	0.1100%	2	47,429
November - Est.	47,945	290,234	270,333	67,846	16,558	51,288	0.1100%	3	67,333
December - Est.	67,846	289,761	299,198	58,409	14,255	44,154	0.1100%	5	57,901
Total		\$4,423,689	\$4,265,714					(\$508)	

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-19-364, Exhibit 4, page 1, submitted on November 8, 2019.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Generation Resource Recovery Rider
Revenue Requirement - Lewis & Clark RICE
Actual Year End 2019

	Actual From Prior Filing									Actual			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													
Plant Balance													
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
Accumulated Reserve													
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	\$3,044,179	\$3,110,305	\$3,176,432	\$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	\$28,696,647	\$28,630,521	\$28,564,394	\$28,928,091
Accum Def Income Taxes 1/	\$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	\$2,290,191	\$2,293,725	\$2,293,834	\$2,244,172
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	\$26,406,456	\$26,336,796	\$26,270,560	\$26,683,919
Return on Rate Base 2/	\$164,261	\$163,704	\$163,164	\$162,638	\$162,128	\$161,634	\$161,155	\$160,692	\$160,245	\$159,803	\$159,382	\$158,981	\$1,937,787
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 3/	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,667	39,977	39,977	39,976	476,933
Total Expenses	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$105,793	\$106,103	\$106,103	\$106,102	\$1,270,445
Income before Taxes (EBIT)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$105,793)	(\$106,103)	(\$106,103)	(\$106,102)	(\$1,270,445)
Interest Expense	53,246	53,065	52,890	52,720	52,554	52,394	52,239	52,089	51,944	51,801	51,664	51,534	628,140
AFUDC Equity Add Back	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	410	410	410	10,500
Taxable income	(\$158,009)	(\$157,828)	(\$157,653)	(\$157,483)	(\$157,317)	(\$157,157)	(\$157,002)	(\$156,852)	(\$156,707)	(\$157,494)	(\$157,357)	(\$157,226)	(\$1,888,085)
Income Taxes 4/	(\$38,562)	(\$38,518)	(\$38,475)	(\$38,434)	(\$38,393)	(\$38,354)	(\$38,316)	(\$38,280)	(\$38,244)	(\$38,436)	(\$38,403)	(\$38,371)	
Net Income Taxes	(\$38,562)	(\$38,518)	(\$38,475)	(\$38,434)	(\$38,393)	(\$38,354)	(\$38,316)	(\$38,280)	(\$38,244)	(\$38,436)	(\$38,403)	(\$38,371)	(\$460,786)
Operating Income	(\$67,231)	(\$67,275)	(\$67,318)	(\$67,359)	(\$67,400)	(\$67,439)	(\$67,477)	(\$67,513)	(\$67,549)	(\$67,667)	(\$67,700)	(\$67,731)	(\$809,659)
Revenue Requirement	\$306,226	\$305,548	\$304,890	\$304,249	\$303,628	\$303,026	\$302,443	\$301,878	\$301,334	\$300,906	\$300,392	\$299,903	\$3,634,423

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

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

ADIT Change for 2019:	560,513	October	November	December
Allocated to ND (Fac. #15):	397,545	16.99%	8.77%	0.27%
January - September (\$30,738 monthly):	276,642	6,847	3,534	109
Remainder for 2019:	120,903			
Monthly (October - December):	40,301			

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.

2019 Actual Property Tax:	476,933
January - September 2019:	357,003
Remaining 2019:	119,930
Monthly for October - December:	39,977

4/ Income Tax Rate: 2019
24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
75.5951%

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

	Actual									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													
Plant Balance													
Fuel Holders, Products & Acc. Generators	\$306,671	\$306,671	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784	\$300,784
Miscellaneous Equipment	2,102	2,102	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062
Total Plant Balance	\$32,392,115	\$32,392,115	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,770,258	\$31,873,901
Accumulated Reserve													
Fuel Holders, Products & Acc. Generators	\$31,890	\$32,529	\$32,531	\$33,157	\$33,784	\$34,411	\$35,037	\$35,664	\$36,290	\$36,917	\$37,544	\$38,171	\$38,171
Miscellaneous Equipment	181	185	186	190	194	199	203	207	212	216	220	224	224
Total Accumulated Reserve	\$3,310,951	\$3,378,434	\$3,379,763	\$3,445,951	\$3,512,139	\$3,578,328	\$3,644,515	\$3,710,703	\$3,776,891	\$3,843,079	\$3,909,267	\$3,975,455	\$3,622,123
Net Plant in Service	\$29,081,164	\$29,013,681	\$28,390,495	\$28,324,307	\$28,258,119	\$28,191,930	\$28,125,743	\$28,059,555	\$27,993,367	\$27,927,179	\$27,860,991	\$27,794,803	\$28,251,778
Accum Def Income Taxes 1/	\$2,527,587	\$2,548,189	\$2,566,711	\$2,583,220	\$2,597,647	\$2,610,061	\$2,620,395	\$2,628,649	\$2,634,890	\$2,639,052	\$2,641,200	\$2,641,266	\$2,603,239
Total Plant in Service	\$26,553,577	\$26,465,492	\$25,823,784	\$25,741,087	\$25,660,472	\$25,581,869	\$25,505,348	\$25,430,906	\$25,358,477	\$25,288,127	\$25,219,791	\$25,153,537	\$25,648,539
Return on Rate Base 2/	\$156,755	\$156,235	\$152,446	\$151,958	\$151,482	\$151,018	\$150,567	\$150,127	\$149,700	\$149,284	\$148,881	\$148,490	\$1,816,943
Expenses													
Operating Expenses													Total
Fuel Holders, Products & Acc. Generators	\$639	\$639	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627
Miscellaneous Equipment	4	4	4	4	4	4	4	4	4	4	4	4	4
Depreciation	67,483	67,483	66,188	66,188	66,188	66,188	66,188	66,188	66,188	66,188	66,188	66,188	796,846
Property Tax 3/	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,927	41,932	503,129
Total Expenses	\$109,410	\$109,410	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,115	\$108,120	\$1,299,975
Income before Taxes (EBIT)	(\$109,410)	(\$109,410)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,115)	(\$108,120)	(\$1,299,975)
Interest Expense	49,545	49,380	48,183	48,029	47,878	47,732	47,589	47,450	47,315	47,183	47,056	46,932	574,272
AFUDC Equity Add Back	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,130	13,604
Taxable income	(\$157,821)	(\$157,656)	(\$155,164)	(\$155,010)	(\$154,859)	(\$154,713)	(\$154,570)	(\$154,431)	(\$154,296)	(\$154,164)	(\$154,037)	(\$153,922)	(\$1,860,643)
Income Taxes 4/	(\$38,516)	(\$38,476)	(\$37,868)	(\$37,830)	(\$37,793)	(\$37,758)	(\$37,723)	(\$37,689)	(\$37,656)	(\$37,624)	(\$37,593)	(\$37,565)	
Net Income Taxes	(\$38,516)	(\$38,476)	(\$37,868)	(\$37,830)	(\$37,793)	(\$37,758)	(\$37,723)	(\$37,689)	(\$37,656)	(\$37,624)	(\$37,593)	(\$37,565)	(\$454,091)
Operating Income	(\$70,894)	(\$70,934)	(\$70,247)	(\$70,285)	(\$70,322)	(\$70,357)	(\$70,392)	(\$70,426)	(\$70,459)	(\$70,491)	(\$70,522)	(\$70,555)	(\$845,884)
Revenue Requirement	\$301,143	\$300,508	\$294,587	\$293,991	\$293,411	\$292,843	\$292,293	\$291,756	\$291,234	\$290,727	\$290,234	\$289,761	\$3,522,488

Factor 15-Integrated Sys. 12 2020
Month Peak Demand 70.990922%

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: 414,032
ND Fac. #15: 70.990922%
ND projected activity: 293,925
Monthly: 24,494

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%
22,481	20,602	18,522	16,509	14,427	12,414	10,334	8,254	6,241	4,162	2,148	66

2/ Projected capital structure with authorized return on equity from most recent case.

	Ratio	Cost	
Long Term Debt	44.718%	4.718%	2.110%
Short Term Debt	5.072%	2.548%	0.129%
Common Equity	50.210%	9.650%	4.845%
	100.000%		7.084%

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

2020 Property Tax: 708,723
ND Fac. #15: 70.990922%
ND Property Tax: 503,129
Monthly: 41,927

4/ Income Tax Rate: 2020
24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)
75.5951%

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

On October 30, 2020, 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 1, 2021, 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 \$0.04 per month or an increase of \$0.48 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		\$0.00184 per Kwh
Proposed Rate		\$0.00188 per Kwh
Change		\$0.00004 per Kwh
		Large General
Applicable Rate Schedules		30, 31, 38, 48 and contracts
Current Rate		\$0.55011 per Kw
Proposed Rate		\$0.55663 per Kw
Change		\$0.00652 per Kw
		Space Heating
Applicable Rate Schedule		32
Current Rate		\$0.23726 per Kw
Proposed Rate		\$0.24058 per Kw
Change		\$0.00332 per Kw
		Lighting
Applicable Rate Schedules		41 & 52
Current Rate		\$0.00067 per Kwh
Proposed Rate		\$0.00084 per Kwh
Change		\$0.00017 per Kwh

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