

# Memorandum

To: Commissioners Christmann, Fedorchak and Kroshus

From: Victor Schock Public Utility Analyst 

Date: November 23, 2020

Re: Montana-Dakota Utilities Co., Generation Facility Cost Recovery, Rates,  
Case No. PU-20-436

On October 30, 2020 Montana-Dakota Utilities Co. (MDU) filed its annual Generation Resource Cost Recovery (GRR) rate update. This annual filing seeks rider recovery of North Dakota's share of the costs for MDU's Lewis & Clark reciprocating internal combustion engine units.

The filing proposes a 2021 revenue requirement of \$3,452,201, an increase of \$19,925 from 2020's filing. The change in revenue requirement results in an increase to the average residential customer of \$0.04 per month. The revenue requirement categories changed from 2020 to 2021 as follows:

- **Project Costs:** The revenue requirement includes the cost of the Lewis & Clark reciprocating internal combustion engines. Due to depreciation reducing the overall net plant balance, this portion of the revenue requirement was a decrease of approximately \$118,403 from 2020 to 2021.
- **GRR True-up:** The true-up represents the over or under collection for the previous year. MDU is projecting an under-collection of \$57,901 for the prior year, which results in a net increase to this line of approximately \$138,328 from 2020 to 2021.

Staff believes the incurred costs detailed in MDU's filing are reasonable and prudent, comply with MDU's tariff, and are eligible for recovery through the GRR. Based on this and the details contained within the filing, Staff recommends approval of MDU's 2021 GRR rates.

c. Travis Jacobson