

Memorandum

To: Commissioners Kroshus, Fedorchak and Christmann

From: Victor Schock Public Utility Analyst

VS

Date: June 3, 2021

Re: Montana-Dakota Utilities Co.
February 2021 Extreme Cold Weather Event Investigation – Electric
Case No. PU-21-104

On April 9, 2021 Montana-Dakota Utilities Co. (MDU) filed its responses to the Commission's data requests relative to MDU's electric fuel and purchased power impacts from the February 2021 cold weather event.

The responses, which can be found in docket item 2 of the above captioned case, detail the impacts of the cold weather event on MDU ND electric customers. I found additional information relevant to this event in docket item 10 of Case No. PU-21-11, which is MDU's monthly FCR.

The calculation of the FCR is done on a rolling 4-month basis, whereby the actual sales and cost data from the prior four months along with over/under collections is used to set the rate for the upcoming month. Based on the 4 historical months used for the Feb. 2021 FCR, about \$4 million in fuel and purchase costs were expected to be recovered in Feb 2021. Actual fuel and purchases costs in Feb. were \$10.7 million, or about \$6.7 million higher. On the other hand, congestion within the SPP footprint during Feb 2021 resulted in a large credit of approximately \$5.2 million that was not received until March 2021. When averaged together as the FCR tariff is intended to do, the Feb 2021 increased cost and associated SPP credit net out to a negligible increase. However, since the credit was not received until March 2021, the mismatch caused a temporary spike in the FCR.

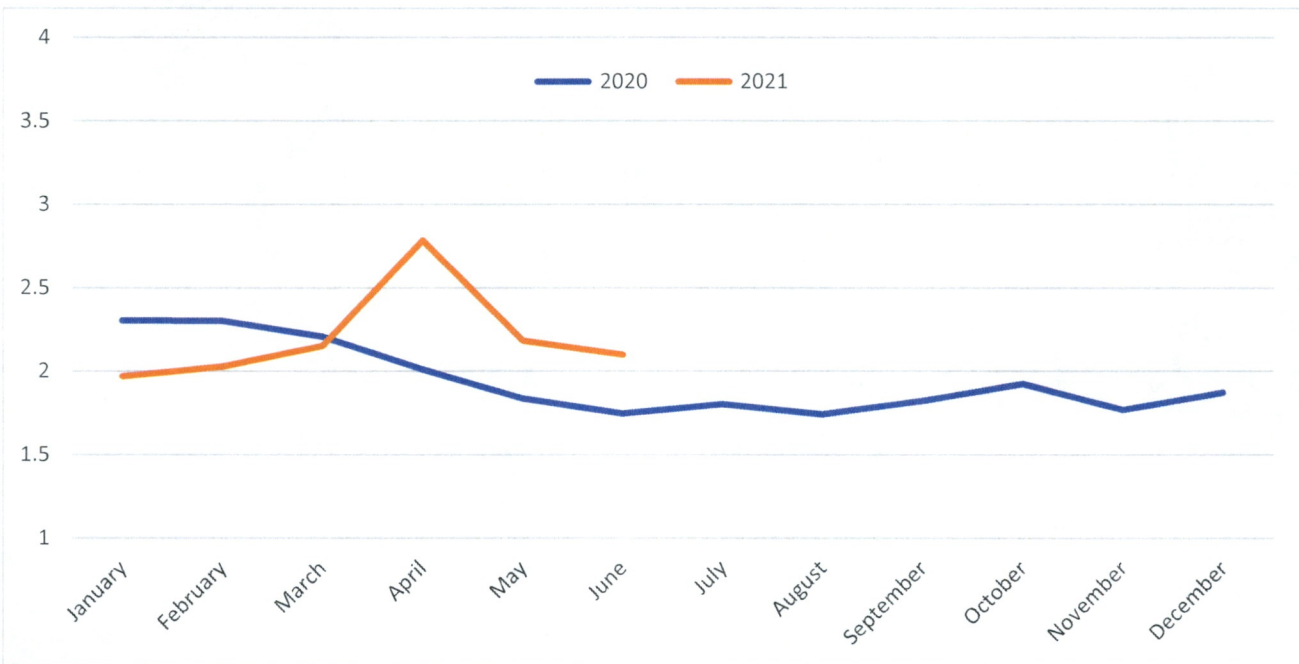
The end result of Feb 2021 FCR costs and recoveries is an increase from the March 2021 rate of 2.148 cents per kWh to 2.784 cents per kWh for April 2021. This increase was followed by a decrease to 2.181 cents per kWh for May 2021. The delayed impact from February until April is caused by actuals from each month not being available until after the rate for the subsequent month being in place. Rather than spending a great deal of time getting into the calculation of this rate, it may be easier to view the attached report that shows the monthly fuel cost charge for the years of 2020 and 2021. I think these two charts show that the February 2021 cold weather event brought about a temporary marginal increase in the FCR. The resulting impact is not significant, amounting to about \$5.69 per month from March to April for a customer using 894 kWh followed by a decrease of \$5.39 from April to May.

The final piece of this rate is the over/under collected balance that is recalculated annually and implemented on April 1 of each year as a surcharge adjustment. The most recent annual filing is a combination of the over/under collected balances from February 1, 2020 through January 31, 2021. The total for this period was an over collection of approximately \$116,119 for primary service and \$572,536 for secondary service. Since the month of February 2021 is not included in that balance, it is important to verify what impact that month will have on the balance for the April 1, 2022 surcharge adjustment. MDU has verified that as of March 31, 2021 the balance in this account is an over recovery of \$79,782 for primary service and \$304,262 for secondary service. This indicates that there was little to no impact to this balance from the February 2021 actuals.

Based on its investigation staff recommends that no further action be taken and the case be closed.

Montana-Dakota Utilities Co. Historical Trend of FCR Charges (Residential)

2020	Cents/kWh	Bill Impact	2021	Cents/kWh	Bill Impact
January	2.30400	\$20.60	January	1.96900	\$17.60
February	2.30100	\$20.57	February	2.02600	\$18.11
March	2.20700	\$19.73	March	2.14800	\$19.20
April	2.01000	\$17.97	April	2.78400	\$24.89
May	1.83400	\$16.40	May	2.18100	\$19.50
June	1.74400	\$15.59	June	2.09600	\$18.74
July	1.80100	\$16.10			
August	1.74100	\$15.56			
September	1.82200	\$16.29			
October	1.92300	\$17.19			
November	1.76800	\$15.81			
December	1.87200	\$16.74			



Bill Impact equals 894 kWh times the monthly rate