

Memorandum

To: Commissioners Julie Fedorchak, Randy Christmann, and Brian Kroshus

From: Adam Renfandt

Date: September 2, 2021

Re: Montana-Dakota Utilities, Co. (MDU), 2020 Electric Operations, Annual Report
Case No. PU-21-144

In Case No. PU-16-666, the Commission authorized a return on equity (ROE) of 9.65%.

Staff reviewed MDU's North Dakota electric annual report for 2020. MDU reports an ROE of approximately 9.4% for 2020, which represents an under-earnings of approximately \$1.3 million.

Given the under-earnings, Staff recommends the Commission close the case.

Attached are staff generated summaries of MDU's ND electric earnings since 2010.

Attachment 1 – Return Calculation

Attachment 2 – Return on Equity Chart

Attachment 3 – Net Operating Income

c: Travis Jacobson, MDU

Montana-Dakota Utilities Co.
 North Dakota Electric Operations
 Return Calculation
 (000's)

Attachment 1

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average Rate Base	\$231,001	\$251,453	\$268,801	\$309,734	\$389,530	\$558,552	\$680,103	\$678,730	\$694,034	\$710,156	\$739,358
Rate of Return	8.82%	8.92%	8.67%	8.03%	8.19%	7.84%	7.84%	7.40%	7.32%	7.18%	6.89%
Return Required	\$20,385	\$22,431	\$23,315	\$24,885	\$31,894	\$43,783	\$53,344	\$50,252	\$50,836	\$50,984	\$50,907
Return Earned	\$24,036	\$25,942	\$23,933	\$26,624	\$32,769	\$33,150	\$48,296	\$48,272	\$47,636	\$48,037	\$49,953
Return (Excess)	(\$3,651)	(\$3,511)	(\$618)	(\$1,739)	(\$875)	\$10,633	\$5,049	\$1,980	\$3,200	\$2,947	\$955
Tax Factor	1.622	1.622	1.622	1.622	1.622	1.608	1.608	1.604	1.323	1.323	1.323
Revenue Deficiency (Excess)	(\$5,922)	(\$5,695)	(\$1,003)	(\$2,820)	(\$1,419)	\$17,095	\$8,117	\$3,175	\$4,234	\$3,899	\$1,263
Rate of Return on Rate Base	10.41%	10.32%	8.90%	8.60%	8.41%	5.94%	7.10%	7.11%	6.86%	6.76%	6.76%
Rate of Return on Equity	12.90%	12.45%	11.18%	11.86%	11.18%	6.88%	9.27%	9.09%	8.73%	8.82%	9.39%
Authorized Return on Equity	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	10.75%	9.65%	9.65%	9.65%	9.65%

Return on Equity



