

Memorandum

To: Commissioners Kroshus, Fedorchak and Christmann

From: Victor Schock Public Utility Analyst 

Date: September 2, 2021

Re: Montana-Dakota Utilities Co., Transmission Facility Cost Recovery, Rates, Case No. PU-21-335

On July 15, 2021 Montana-Dakota Utilities Co. (MDU) filed an annual update to its Transmission Cost Adjustment (TCA) rates to reflect updated electric transmission revenues and costs.

The filing proposes a revenue requirement of \$14,449,887, a decrease of \$1,073,060 from 2020's filing for the following reasons:

- **Project Costs:** The revenue requirement includes twelve previously approved and three new projects. The 2021 revenue requirement was increased by approximately \$578,892 for the previously approved projects, and the new projects add a further \$1,208,656 to the 2021 revenue requirement. There are ups & downs in previously approved project costs but none are significant.
- **MISO Revenues and Expenses:** MDU's retail share of the costs for projects that qualify for regional cost allocation through MISO. These costs fluctuate as spending occurs by other Transmission Owners within the MISO footprint. MDU's revenues received for use of its MISO facilities by other parties. These revenues fluctuate from year to year. The net change from 2020 to 2021 is a net decrease in overall cost of approximately \$85,370.
- **SPP Revenues and Expenses:** MDU's costs for the use of SPP facilities that are used in order to serve MDU's customers. MDU's revenues received for use of its SPP facilities by other parties. These revenues and costs fluctuate much like MISO based on new or modified transmission lines being put into service. The net change from 2020 to 2021 is a net decrease in overall cost of approximately \$1,795,916.
- **True-up and Carrying Costs:** The true up is the actual over or under collection of last year's revenue requirement along with the associated carrying cost on the balance. The change from 2020 to 2021 is a net decrease of approximately \$979,322.

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 TCA. Based on this and the details contained within the filing, Staff recommends approval of MDU's 2021 TCA rates.

c. Travis Jacobson - MDU