

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co.  
Renewable Resource Cost Recovery  
Rates**

**Case No. PU-21-420**

**ORDER**

**January 26, 2022**

**Preliminary Statement**

On November 1, 2021, Montana-Dakota Utilities Co. (MDU) filed changes to rates under its Renewable Resource Cost Adjustment Rate 55 Tariff (RRCA) for electric service rendered on or after February 1, 2022.

On November 17, 2021, the Commission issued a Notice of Opportunity for Hearing, which provided until January 1, 2022, for receiving written comments and hearing requests. No response was received. The notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the issues to be considered in this proceeding are:

1. Whether the investments and associated costs for the resources qualify for recovery,
2. Whether the incurred costs are reasonable and prudent,
3. Whether the rate adjustments are consistent with the terms of MDU's tariff,

On December 15, 2021, Commission Staff (Staff) filed a memo summarizing the filing.

On January 26, 2022, the Commission discussed this matter with MDU and Staff during an Informal Hearing.

**Discussion**

Under its RRCA, MDU recovers costs associated with renewable generation resource modifications or additions approved by the Commission but not currently recovered in the retail rates established at the time of MDU's last electric rate case.

The updated RRCA rates reflect projected costs related to MDU's investment in the Thunder Spirit Wind Project 1 & 2, the Cedar Hills Wind Project, the Diamond Willow Wind Project and subsequent repowering. The updated rates also reflect a projected

over-recovered RRCA revenue balance as of December 31, 2021. And finally, the updated rates reflect a partial levelization of Production Tax Credits (PTCs).

The updated RRCA rates by customer class are as follows:

<u>Customer Class</u>	<u>Existing Rate</u>	<u>Updated Rate</u>	<u>Change</u>
Residential & Small General	\$0.01033/kWh	\$0.00899	(\$0.00134) /kWh
Large General	\$0.00976/kWh	\$0.00838	(\$0.00138) /kWh
Lighting	\$0.01221/kWh	\$0.01161	(\$0.00060) /kWh

The monthly billing impact of the updated RRCA rate on the bill of a residential customer using 894 kWh per month is a decrease of \$1.20 per month.

The investments and associated costs for the Thunder Spirit Wind Projects 1 & 2, the Cedar Hills Wind Project, the Diamond Willow Wind Project and subsequent repower qualify for recovery.

The incurred costs are reasonable and prudent.

The proposed rates comply with the RRCA Tariff and are just and reasonable.

### Order

The Commission Orders:

1. Montana-Dakota Utility Co. must utilize the full levelization method to amortize the PTCs earned by the Diamond Willow Wind repower project.
2. Montana-Dakota Utility Co.'s 2022 Renewable Resource Cost Adjustment rates filed on November 1, 2021, are approved for electric service rendered on or after February 1, 2022.

### PUBLIC SERVICE COMMISSION

  
Randy Christmann  
Commissioner

  
Julie Fedorchak  
Chair

Vacant