

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Renewable Resource Cost Recovery
Rates

Case No. PU-21-420

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Geralyn R. Schmaltz deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **26th day of January 2022** she deposited in the United States Mail at Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

- **Order**

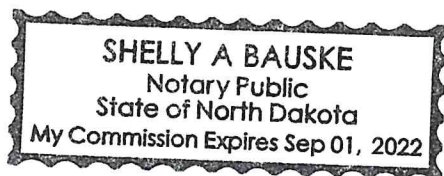
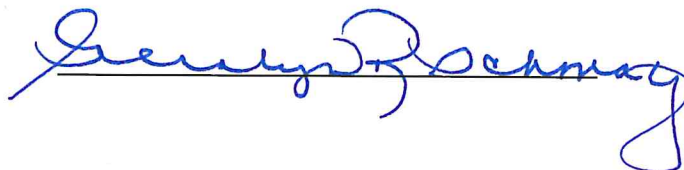
The envelopes were addressed as follows:

Travis Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North 4th Street
Bismarck, ND 58502-2798
Cert. No. 7020 1290 0000 1334 4246

Allison Mann
Attorney
MDU Resources Group, Inc.
PO Box 5650
Bismarck, ND 58506-5650
Cert. No. 7020 1290 0000 1334 4253

Each address shown is the respective addressee's last reasonably ascertainable post office mail address.

Subscribed and sworn to before me
this **26th day of January 2022**.



SEAL



Notary Public

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