

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Generation Resource Cost Recovery
Rates

Case No. PU-21-421

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 **20th 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**

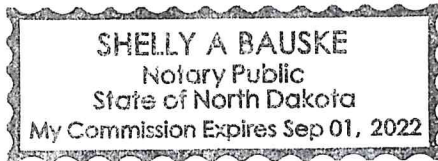
The envelopes were addressed as follows:

Travis Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North 4th Street
Bismarck, ND 58502-2798
Cert. No. 7021 2720 0001 0491 5050

Allison Mann
Attorney
MDU Resources Group, Inc.
PO Box 5650
Bismarck, ND 58506-5650
Cert. No. 7021 2720 0001 0491 5067

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

Subscribed and sworn to before me
this **20th day of January 2022**.



A handwritten signature in blue ink, appearing to read "Geralyn R. Schmaltz", written over a horizontal line.

A handwritten signature in blue ink, appearing to read "Shelly A. Bauske", written over a horizontal line.

Notary Public

SEAL

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ORDER

January 18, 2022

Preliminary Statement

On November 1, 2021, Montana-Dakota Utilities Co. (MDU) filed changes to rates under its Generation Resource Recovery Rate 56 Tariff (GRRR Tariff) 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 22, 2021, MDU filed supplemental information.

Discussion

Under its GRRR Tariff, MDU recovers costs associated with generation resource 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 rates filed by MDU on November 1, 2021, reflect projected costs through December 31, 2022, related to MDU's Lewis & Clark reciprocating internal combustion engine units. The updated rates also reflect a projected over-recovered balance of the GRRR as of December 31, 2021.

MDU states the effect of the updated rate on a bill for a residential customer using 894 kWh per month would be a decrease of \$0.03 per month. The investments and

associated costs for the Lewis & Clark reciprocating internal combustion engines qualify for recovery.

Exhibit 5 of MDU's application discusses calculations and schedules relative to the unamortized balances of Lewis and Clark Unit 1 (LC1) and Heskett Units 1 & 2 (H1&2). Staff raised concerns with these calculations and schedules, but acknowledged that since they are not contributing to the revenue requirement in this proceeding and the retirements of LC1 and H1&2 are not yet complete, this may not be the appropriate proceeding to establish the correct calculations and schedules. In MDU's December 22, 2021 supplemental filing, it agreed to further review and potentially modify the calculations and schedules in a future general rate proceeding or GRRR annual update.

The incurred costs are reasonable and prudent.

Having considered this matter, the Commission finds MDU's proposed 2022 GRRR rate is just and reasonable and should be approved.

Order

The Commission Orders:

1. Montana-Dakota Utility Co.'s 2022 Generation Resource Recovery rates filed on November 1, 2021, are approved for electric service rendered on or after February 1, 2022.
2. The calculations and schedules provided by MDU in its filing detailing the amortization of Lewis and Clark Unit 1 and Heskett Units 1 & 2 are subject to review and modification in a future general rate or GRRR annual update proceeding.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chair


Vacant