

Generation Resource Recovery Rider Rate 56

Montana-Dakota Utilities Co.

Case No. PU-22-400

Informal Hearing — January 11, 2023



**MONTANA-DAKOTA
UTILITIES CO.**

A Subsidiary of MDU Resources Group, Inc.

In the Community to Serve®

Agenda

- **Introductions – Allison Waldon, Attorney**
- **Overview of Filing – Tara Vesey, Manager of Regulatory Affairs**
- **Comparison to Prior Filing – Tara Vesey**
- **Proposed Rates – Tara Vesey**

Generation Resource Recovery Rider (GRRR) Rate 56

Filed November 1, 2022

Requests \$3,133,683 to be collected

- Reflects a projected January 2023 – December 2023 revenue requirement
- True up of costs and revenues
 - Actuals through September 2022
 - Estimate for October 2022 through January 2023
- Decrease of \$255,912 from current rates

Proposed Effective Date: February 1, 2023

What is Included in the GRRR

Depreciation, ad valorem taxes, and the approved return on investment related to the Company's investment in the Lewis and Clark RICE units

Financial Incentive Related to a Power Purchase Agreement (Case No. PU-21-373).
Request to modify Financial Incentive Rate to 5 Year Treasury Rate

True up of the prior year over recovery

Comparison to Prior Year Filing

	Current Filing	Prior Filing	Variance
Revenue Requirement RICE:	\$3,210,496	\$3,422,466	(\$211,970)
Revenue Requirement Financial Incentive:	34,988	0	34,988
Under/(Over) Recovery Balance:	(111,801)	(32,871)	(78,930)
	\$3,133,683	\$3,389,595	(\$255,912)

- The main driver of the decrease is:
 - A lower projected revenue requirement for Lewis & Clark RICE.

GRRR Rates

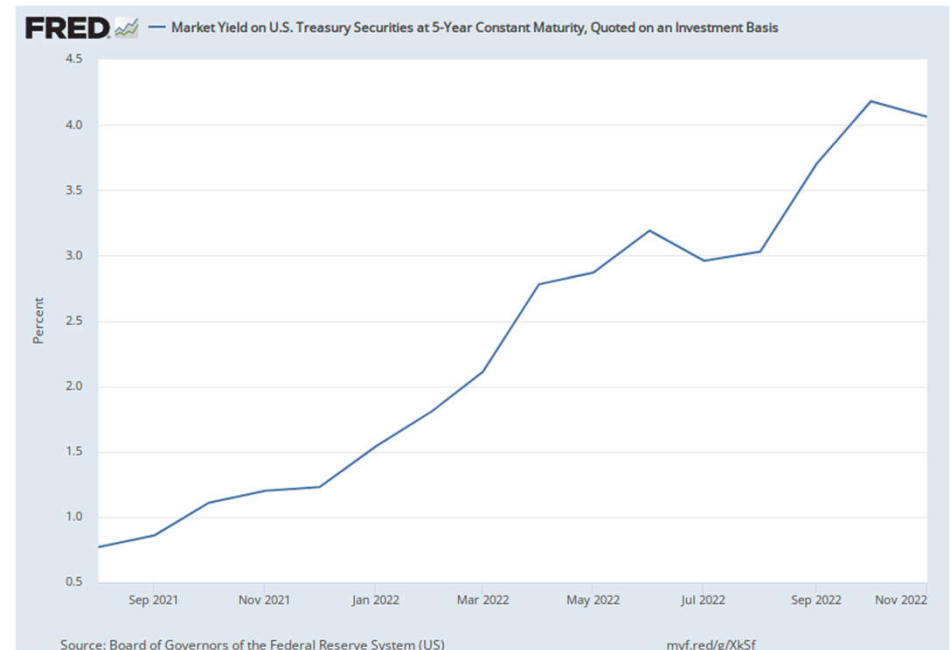
■ Proposed Rates

	Proposed Rate	Current Rate	Change
Residential / Small General Rate/Kwh	\$0.00171	\$0.00185	(\$0.00014)
Large General/KW	\$0.49446	\$0.54680	(\$0.05234)
Space Heating/KW	\$0.22240	\$0.23976	(\$0.01736)
Lighting/Kwh	\$0.00084	\$0.00091	(\$0.00007)

- **A residential customer using 894 kWh per month would see a decrease of \$0.13 per month or \$1.56 annually.**

PPA Financial Incentive

- **5 – Year Treasury Rate was 0.79% at time of Incentive Filing.**
- **5 – Year Treasury Rate 4.06% at time of Rider filing.**
 - The Company's cost of borrowing has experienced a similar increase.
- **Proposing to update the Incentive Rate to the 5 – Year Treasury Rate.**
 - Actual monthly rate would be applied during true up.



GRRR Rates Comparison

▪ Rate Options

	Rate - 0.79%	Proposed Rate - 4.06%	Current Rate
Residential / Small General Rate/Kwh	\$0.00170	\$0.00171	\$0.00185
Large General/KW	\$0.49009	\$0.49446	\$0.54680
Space Heating/KW	\$0.22043	\$0.22240	\$0.23976
Lighting/Kwh	\$0.00084	\$0.00084	\$0.00091

▪ 0.79% Annual Recovery

- Decreases the Financial Incentive Revenue Requirement by \$27,683.
- Monthly and annual impact remain unchanged.



QUESTIONS?



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