



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street  
Bismarck, ND 58501  
701-222-7900

January 31, 2023

Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building  
Bismarck, ND 58505-0480

Re: Annual Update to the Generation Resource Recovery Rider Rate 56  
Tariff  
Case No. PU-22-400

Pursuant to discussions with North Dakota Public Service Commission Staff, Montana-Dakota herewith submits revised projected revenue requirement schedules and rate calculations. As per these discussions, the rates to be established will reflect an 11-month recovery period with rates effective March 1, 2023.

In Exhibit 1, the Company provides a summary of the requested revenue requirement, proposed rates, and rate impact to a typical residential customer for three different scenarios. The three different scenarios reflect the following:

- Projected revenue requirement and rates as originally filed;
- Projected revenue requirement as originally filed, updated for a March 1, 2023 implementation; and
- Projected revenue requirement updated for the currently approved incentive rate.

The original filing scenario is supported by the November 1, 2022 filing. The updated scenarios are supported by the exhibits in the following appendices:

- Appendix A – Reflects the Rate 56 proposed rate calculation updated for the March 1, 2023 implementation with no changes to the proposed revenue requirement. The appendix includes an updated Exhibit 2 – Derivation of Proposed Rates, updated Exhibit 4 – 2023 Projected Power Purchase Agreement Incentive Revenue Requirement, and updated Exhibit 5 – Balancing Account summary which has been updated to reflect the estimated February 2023 activity.
- Appendix B – Reflects the Rate 56 proposed rate calculation updated for the March 1, 2023 implementation and the projected 2023 Projected Power

Purchase Agreement Incentive Revenue Requirement updated to reflect the currently approved incentive rate of 0.79%. The appendix includes an updated Exhibit 2 – Derivation of Proposed Rates, Exhibit 4 – updated Exhibit 4 – 2023 Projected Power Purchase Agreement Incentive Revenue Requirement, and updated Exhibit 4 – Balancing Account Summary which has been updated to reflect the estimated February 2023 activity.

Only exhibits that were affected by the noted changes were provided in the appendices. The projected billing determinants were updated to reflect the collection of the remaining revenue requirement over an 11-month period. All of the other assumptions included in the November 1, 2022 filing remain the same.

Upon approval, the Company will file updated tariffs in compliance with the Commission's Order.

Please contact me at (701) 222-7855 or at [Travis.Jacobson@mdu.com](mailto:Travis.Jacobson@mdu.com) with any questions regarding this filing.

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

Attachments

cc: Allison Waldon  
Garret Senger

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Generation Resource Recovery Rider  
Summary of 2023 Generation Rider Rates  
March 1, 2023 Implementation**

	Original Filing for Feb. 1 Rates 1/	As Filed Updated for March 1 Rates 2/	As Filed Updated for 0.79% Incentive Rate and March 1 Rates 3/
<b><u>Requested Recovery:</u></b>			
Projected 2023 Revenue Requirement RICE	\$3,210,496	\$3,210,496	\$3,210,496
Projected 2023 Revenue Requirement PPA	34,988	32,652	7,305
Over Recovery 4/	(111,801)	(148,324)	(148,324)
Total Cost to be Recovered through GRRR Rates	<u>\$3,133,683</u>	<u>\$3,094,824</u>	<u>\$3,069,477</u>
February Estimated Revenue Collection		(306,909)	(306,909)
Total Updated Cost to be Recovered though GRRR Rates		<u>\$2,787,915</u>	<u>\$2,762,568</u>

<b><u>Proposed Rates: 5/</u></b>	Feb. 1, 2023	March 1, 2023	March 1, 2023
Residential & Small General	\$0.00171	\$0.00169	\$0.00168
Large General	\$0.49446	\$0.47831	\$0.47396
Space Heating Rate 32	\$0.22240	\$0.22574	\$0.22368
Lighting	\$0.00084	\$0.00082	\$0.00082

**Rate Impact for Residential Customer:**

Monthly:	(\$0.13)	(\$0.14)	(\$0.15)
Annual:	(\$1.56)	(\$1.68)	(\$1.80)

1/ As requested in the November 1, 2022 filing in Case No. PU-22-400.

2/ See Appendix A exhibits for changes from original filing.

3/ See Appendix B exhibits for changes from original filing.

4/ Over Recovery updated to estimate February 2023 activity.

5/ Proposed rates for March 1, 2023 reflect an 11 month recovery.

# APPENDIX A

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Generation Resource Recovery Rider  
Proposed 2023 Generation Rider Rates**

	<u>Total</u>
Projected 2023 Revenue Requirement RICE 1/	\$3,210,496
Projected 2023 Revenue Requirement PPA 2/	32,652
Projected January 2023 (Over)/Under Collection 3/	<u>(148,324)</u>
Total Cost to be Recovered through GRRR Rates	\$3,094,824
February Estimated Revenue Collection	<u>(306,909)</u>
Total Updated Cost to be Recovered through GRRR Rates	<u><u>\$2,787,915</u></u>

<u>Allocation of Costs &amp; Proposed Rates</u>	<u>Allocated GRRR Costs 4/</u>	<u>Projected Billing Determinants</u>	<u>Proposed GRRR Rates</u>
Residential & Small General	\$1,309,656	773,263,814 Kwh	\$0.00169 per Kwh
Large General	\$1,411,778	2,951,609 KW	\$0.47831 per KW
Space Heating Rate 32	\$53,509	237,039 KW	\$0.22574 per KW
Lighting	\$12,972	15,765,943 Kwh	\$0.00082 per Kwh
	<u><u>\$2,787,915</u></u>		

<u>Change in Rates</u>	<u>Proposed GRRR Rates</u>	<u>Current GRRR Rates 5/</u>	<u>Change in GRRR Rates</u>
Residential & Small General	\$0.00169	\$0.00185	(\$0.00016)
Large General	\$0.47831	\$0.54680	(\$0.06849)
Space Heating Rate 32	\$0.22574	\$0.23976	(\$0.01402)
Lighting	\$0.00082	\$0.00091	(\$0.00009)

1/ Exhibit 3

2/ Exhibit 4

3/ Exhibit 5

4/ Demand Allocation Factor 2:

Residential & Small General	46.976176%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	50.639222%	(Rates 30, 31, 38, 48, and contracts)
Space Heating Rate 32	1.919302%	(Rate 32)
Lighting	0.465300%	(Rates 41, 52)
	<u><u>100.000000%</u></u>	

5/ Current GRRR rates effective February 1, 2022 in case No. PU-21-421.

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Generation Resource Recovery Rider**  
**Revenue Requirement - Power Purchase Agreement Incentive**  
**Projected Year End 2023**

	Projected 2023												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Power Purchase Agreement</b>													
Capacity													
Energy													
Total PPA													
Allocated to North Dakota 1/	\$940,322	\$857,054	\$940,322	\$912,566	\$940,322	\$913,135	\$942,153	\$942,153	\$913,135	\$942,153	\$913,135	\$942,153	
<b>Incentive Rate 2/ 3/</b>	\$619	\$564	\$3,181	\$3,088	\$3,181	\$3,089	\$3,188	\$3,188	\$3,089	\$3,188	\$3,089	\$3,188	<b>\$32,652</b>

1/ Factor 15-Integrated System 12 Month Peak Demand 71.009009% Capacity  
 Factor 16-Integrated System Kwh Sales 70.090975% Energy

2/ Authorized Financial Incentive Rate: 0.790%

3/ Projected Financial Incentive Rate starting February 2023 : 4.060%

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Generation Resource Cost Adjustment**  
**Balancing Account and Carry Charge Calculation**

	Cumulative								Grand Total (Over)/Under Collection
	Beginning Balance	Revenue Requirement 1/	Revenue Collections	Ending Balance 2/	Carrying Charge Calculation			Carrying Charge 3/	
				Deferred Income Tax	Net Balance	Rate 3/			
September 2021									4/
October	(\$8,095)	288,220	252,844	27,281	6,658	20,623	0.0500%	\$0	27,281
November	27,281	287,965	252,444	62,802	15,327	47,475	0.0500%	1	62,803
December	62,802	288,344	294,189	56,957	13,900	43,057	0.0600%	2	56,960
January 2022	56,957	278,237	345,780	(10,586)	-	(10,586)	0.1500%	5	(10,578)
February	(10,586)	277,683	310,794	(43,697)	-	(43,697)	0.3300%	(3)	(43,692)
March	(43,697)	277,109	325,464	(92,052)	-	(92,052)	0.4400%	(16)	(92,063)
April	(92,052)	276,492	269,676	(85,236)	-	(85,236)	0.7600%	(58)	(85,305)
May	(85,236)	276,076	257,068	(66,228)	-	(66,228)	0.9800%	(70)	(66,367)
June	(66,228)	275,940	250,673	(40,961)	-	(40,961)	1.4900%	(82)	(41,182)
July	(40,961)	275,405	274,520	(40,076)	-	(40,076)	2.2300%	(76)	(40,373)
August	(40,076)	275,235	313,046	(77,887)	-	(77,887)	2.6300%	(88)	(78,272)
September	(77,887)	274,803	288,330	(91,414)	-	(91,414)	3.1300%	(203)	(92,002)
October - Est.	(91,414)	274,289	246,990	(64,115)	-	(64,115)	3.1300%	(238)	(64,941)
November - Est.	(64,115)	273,755	253,661	(44,021)	-	(44,021)	3.1300%	(167)	(45,014)
December - Est.	(44,021)	273,276	290,429	(61,174)	-	(61,174)	3.1300%	(115)	(62,282)
January 2023 - Est.	(61,174)	271,351	320,710	(110,533)	-	(110,533)	3.1300%	(160)	(111,801)
February 2023 - Est.	(110,533)	270,674	306,909	(146,768)	-	(146,768)	3.1300%	(288)	(148,324)
Total		4,714,854	4,853,527					(\$1,556)	

1/ Monthly revenue requirement.

	L&C RICE Revenue Requirement 5/	PPA Incentive Revenue Requirement 6/	Total Revenue Requirement
October 2021	287,474	746	288,220
November	287,721	244	287,965
December	288,093	251	288,344
January 2022	277,986	251	278,237
February	277,453	230	277,683
March	276,858	251	277,109
April	276,248	244	276,492
May	275,825	251	276,076
June	275,339	601	275,940
July	274,786	619	275,405
August	274,616	619	275,235
September	274,202	601	274,803
October - Est.	273,670	619	274,289
November - Est.	273,154	601	273,755
December - Est.	272,657	619	273,276
January 2023 - Est.	270,732	619	271,351
February 2023 - Est.	270,110	564	270,674
Total	\$4,706,924	7,930	4,714,854

2/ (Over)/Under collection on revenue requirement not including the carrying charge, for use in calculating the carrying charge.

3/ Carrying charges calculated based on the three-month Treasury Bill rate, based on prior month ending balance.

4/ Ending (Over)/Under balance per Case No. PU-21-421, Exhibit 4, page 1.

5/ See pages 2-3.

6/ See pages 4-5.

Tax Rate 24.4049% (Federal Tax Rate = 21%, State Tax Rate = 4.31%)  
1- tax rate 75.5951%

# APPENDIX B

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Generation Resource Recovery Rider  
Proposed 2023 Generation Rider Rates**

	<u>Total</u>
Projected 2023 Revenue Requirement RICE 1/	\$3,210,496
Projected 2023 Revenue Requirement PPA 2/	7,305
Projected January 2023 (Over)/Under Collection 3/	<u>(148,324)</u>
Total Cost to be Recovered through GRRR Rates	\$3,069,477
February Estimated Revenue Collection	<u>(306,909)</u>
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Residential & Small General	\$1,297,749	773,263,814 Kwh	\$0.00168 per Kwh
Large General	1,398,943	2,951,609 KW	\$0.47396 per KW
Space Heating Rate 32	53,022	237,039 KW	\$0.22368 per KW
Lighting	12,854	15,765,943 Kwh	\$0.00082 per Kwh
	<u><u>\$2,762,568</u></u>		

<u>Change in Rates</u>	<u>Proposed GRRR Rates</u>	<u>Current GRRR Rates 5/</u>	<u>Change in GRRR Rates</u>
Residential & Small General	\$0.00168	\$0.00185	(\$0.00017)
Large General	\$0.47396	\$0.54680	(\$0.07284)
Space Heating Rate 32	\$0.22368	\$0.23976	(\$0.01608)
Lighting	\$0.00082	\$0.00091	(\$0.00009)

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<b>Incentive Rate 2/ 3/</b>	\$619	\$564	\$619	\$601	\$619	\$601	\$620	\$620	\$601	\$620	\$601	\$620	<b>\$7,305</b>

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