

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

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

**Case No. PU-22-401**

**ORDER**

**February 22, 2023**

**Preliminary Statement**

On November 1, 2022, 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, 2023.

On November 30, 2022, the Commission issued a Notice of Opportunity for Hearing, which provided until January 13, 2023, 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 January 31, 2023, MDU filed a revised RRCA for electric services rendered on or after March 1, 2023.

**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, 2022. 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	\$0.00899/kWh	\$0.00844/kWh	(\$0.00055) /kWh
Large General	\$0.00838/kWh	\$0.00768/kWh	(\$0.00070) /kWh
Lighting	\$0.01161/kWh	\$0.01094/kWh	(\$0.00066) /kWh

The billing impact of the updated RRCA rate on the bill of a residential customer using 894 kWh is a decrease of \$0.49 per month.

The January 31, 2023, revision corrected an error by MDU and utilizes the currently approved depreciation rates versus those proposed in the original filing. These rates are being reviewed as part of MDU's General Rate Case No. PU-22-194.

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 Montana-Dakota Utility Co.'s 2023 Renewable Resource Cost Adjustment rates filed on January 31, 2023, are approved for electric service rendered on or after March 1, 2023.

### PUBLIC SERVICE COMMISSION

  
 Sheri Haugen-Hoffart  
 Commissioner

  
 Randy Christmann  
 Chair

  
 Julie Fedorchak  
 Commissioner