

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Generation Resource Cost Recovery
Rates

Case No. PU-23-339

ORDER

January 24, 2024

Preliminary Statement

On October 31, 2023, Montana-Dakota Utilities Co. (MDU), filed a change to its Generation Resource Recovery Rider (GRRR) rates to reflect 2024 amortization of Lewis & Clark Unit I (LC1) and Heskett Units I and II (H1&2) regulatory assets.

On November 29, 2023, the Commission issued a Notice of Opportunity for Hearing, which provided until January 8, 2024, 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, and
3. Whether the rate adjustments are consistent with the terms of MDU's tariff?

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 October 31, 2023, reflect projected costs through December 31, 2024, related to the amortization of the regulatory assets related to MDU's LC1 and H1&2. The settlement agreement in Case Nos. PU-19-306, 307 & 317 determined that the GRRR would be the mechanism used to track the balances for these units.

On May 16, 2022, MDU filed a rate case with the Commission in Case No. PU-22-194 and proposed to move the revenue requirement associated with the Lewis & Clark

RICE units from the GRRR to the base rate and move the revenue requirements related to LC1 and H1&2 from base rates into the GRRR. On June 6, 2023, this proposal was approved as part of the settlement agreement for Case No: PU-22-194, with rates effective July 1, 2023.

The rates also reflect the Financial Incentive related to its Power Purchase Agreement (PPA) as well as the projected under-recovered balance of the GRRR as of December 31, 2023.

The proposed rates for the 2024 GRRR are:

Residential & Small General	\$0.00421	per Kwh
Large General	\$1.26966	per KW
Space Heating Rate 32	\$0.58125	per KW
Lighting	\$0.00138	per Kwh

The incurred costs are reasonable and prudent.

Having considered this matter, the Commission finds MDU's proposed 2024 GRRR rate is just and reasonable and should be approved.

Order

The Commission Orders Montana-Dakota Utilities Co.'s 2024 Generation Resource Recovery rates filed on October 31, 2023, are approved for electric service rendered on or after February 1, 2024.

PUBLIC SERVICE COMMISSION


Sheri Haugen-Hoffart
Commissioner


Randy Christmann
Chair


Julie Fedorchak
Commissioner