

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Fuel Cost Adjustment 2024
Tariff Monthly Adjustments

Case No. PU-24-10

ORDER

March 27, 2024

Preliminary Statement

On February 26, 2024, Montana-Dakota Utilities Co. (MDU) filed an application for approval of a tariff provision waiver regarding the filing requirement in MDU's Fuel and Purchased Power Adjustment – Rate 58 to allow for surcharge recovery over twenty-four months rather than twelve months.

On February 27, 2024, the Commission issued a Notice of Opportunity for Hearing, which provided until March 26, 2024, for receiving comments or hearing requests. No response was received. The notice identified the issue to be considered is whether it is appropriate for the Commission to approve the tariff waiver.

On March 15, 2024, MDU filed supplemental detail of the fuel and purchased power adjustment costs and proposed recovery.

On March 22, 2024, the Commission discussed this matter with MDU during an Informal Hearing.

Discussion

MDU's application states that it has experienced higher than normal costs from the Regional Transmission Organizations (RTOs) in which MDU participates. The costs were the result of congestion on the transmission system operated by both Southwest Power Pool (SPP) and the Midcontinent Independent System Operator (MISO) that MDU relies upon to serve its customers.

MDU has filed a complaint with the Federal Energy Regulatory Commission (FERC) in regard to the excess congestion costs it has been subject to. FERC's consideration of MDU's complaint is expected to take 6-12 months to be brought to a final resolution.

MDU's states that the current under collected balance that determines the surcharge adjustment for Rate 58 is \$7,553,941 for primary service customers and

\$24,716,453 for secondary service customers. Due to the large balance and the possibility of recovery of at least a portion of the excess costs in the event FERC rules in MDUs favor on its complaint, MDU believes the best course of action is to spread the recovery over twenty-four months rather than twelve months. This action would both lessen the impact to customers and allow more time for MDU's FERC complaint to mature and have greater certainty of the ultimate outcome.

MDU's filing specifies the impact of the proposed changes will result in a monthly increase of \$13.19 to a residential customer using 800 kWh. This increase includes two components which include the cost of fuel and purchased power, and the surcharge adjustment. The cost of fuel and purchased power is based upon an average of the most recent four months of actual fuel and purchased power costs. This component of the rate is proposed to increase from 3.098 cents per kWh to 3.822 cents per kWh and contributes \$5.79 to the average monthly impact. The second component is the surcharge adjustment, which is the over or under collected balance of fuel and purchased power for the prior twelve months. This component of the rate is proposed to increase from a credit of 0.212 cents per kWh to a charge of 0.713 cents per kWh and contributes the remaining \$7.40 of the average monthly impact. This increase is primarily attributable to the congestion costs detailed in MDU's FERC complaint. Absent the requested waiver, this component would increase to approximately \$13.13 per month.

Having considered this matter the Commission finds that it is appropriate to approve the requested tariff waiver.

Order

The Commission Orders MDU's request is **GRANTED** and may recover the surcharge adjustment over twenty-four rather than twelve months.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Julie Fedorchak
Commissioner