



Proposed Earnings Sharing Refund Plan

Informal Hearing – Case No. PU-24-177
July 23, 2024



MONTANA-DAKOTA
UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

In the Community to Serve®

History

July 1, 2023

Rates effective for Case No. PU-22-194
Montana-Dakota shall file the achieved ROE for the prior year along with their annual report
70% of the earnings in excess of a 10% ROE shall be refunded to ratepayers
Montana-Dakota shall submit a refund plan which includes the amount and timing of the refund back to ratepayers

May 1, 2024

Montana-Dakota filed annual report with ROE over 10%
Filed request for approval of the 2023 Earnings Sharing Refund Plan
Earnings Sharing of \$4,852,253

Proposed Earnings Sharing Refund Plan

Reduction of Lewis & Clark Unit I and Heskett Units I & II Regulatory Asset

- Apply Earnings Sharing refund of \$4,852,253
 - Regulatory asset currently being recovered through the Generation Resource Recovery Rate (GRRR)
 - Reduction of the regulatory asset
 - Reduction of the return earned by the Company
 - Shorten recovery period by 11 months or ending approximately January 2030

Benefit To Customers:

- Savings of approximately \$35.69 for residential customer using 800 kWh per month
 - Approximately \$11.07 more than a direct bill credit
- Montana-Dakota total recovery is reduced by approximately \$7.3 million
- Administrative efficiency to implement and eliminate need for true up

Alternative Refund Option: Bill Credit

Direct Refund to Customer:

- Issue refund directly over a period of 2 months
- Approximate refund of \$24.62
 - Residential Customer using 800 kWh per month
 - Credit to customer's account

Return on Equity Drivers

Higher Volumes Driven by Weather

- Weather was 4% colder in 2023

Heskett Unit IV Online Date Delayed

- July 8, 2024 – Commercial Operation

Rate 45 Customer

- Went into service March 2023

Data Center

Reduces Customers Bills in 3 areas:

- Transmission Rider
- Fuel and Purchase Power Adjustment
- Earnings Sharing

Annual Effect on Customers:

- Approximately \$75



QUESTIONS?



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