

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Chris Hanson, Public Utility Analyst

Date: November 29, 2024

Re: Montana-Dakota Utilities Co., Generation Resource Cost Recovery, Rates, Case No. PU-24-365

On November 1, 2024, Montana-Dakota Utilities Co. (MDU) filed a change to its Generation Resource Recovery (GRRR) rates to reflect 2025 amortization of Lewis & Clark Unit I and Heskett Units I and II regulatory assets. This annual filing seeks rider recovery of North Dakota's share of the amortization of the regulatory assets for Lewis and Clark (L&C) Unit 1 and Heskett Units 1 & 2 as well as the Financial Incentive Rate related to its Power Purchase Agreement pursuant to the Order in Case PU-21-373. This incorporates the reduction of annual amortization resulting from the MDU 2023 Earnings Sharing Refund Plan in Case PU-24-177.

The filing proposes a 2025 revenue requirement of \$7,122,696, a decrease of \$811,310 from the 2024 filing. This includes the \$4,852,253 of the 2023 earnings sharing that was used to reduce these regulatory assets as part of the 2023 Earnings Sharing Refund Plan in case PU-24-177. The GRRR filing also includes the Revenue Requirement Financial Incentive, which increased slightly from \$7,570 in the 2024 filing to \$8,075 in the 2025 filing as well as the Under Recovery Balance which increased from \$93,856 in 2024 filing to \$142,621 in the 2025 filing.

	<b>2025 Filing</b>	<b>2024 Filing</b>
Amortization of L&C I and Heskett 1 & 2	\$6,972,000	\$7,832,580
Revenue Requirement Financial Incentive	8,075	7,570
<u>(Over)/ Under Recovery Balance</u>	<u>142,621</u>	<u>93,856</u>
Total Cost to be Recovered through GRRR Rates	<u>\$7,122,696</u>	<u>\$7,934,006</u>

The change in revenue requirement results in a decrease to the average residential customer of \$0.08 per month or \$0.96 per year from as compared to the 2024 filing.