

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Generation Resource Cost Recovery
Rates

Case No. PU-24-365

ORDER

January 8, 2025

Preliminary Statement

On November 1, 2024, Montana-Dakota Utilities Co. (MDU), filed a change to its Generation Resource Recovery Rate (GRRR) Rates to reflect 2025 amortization of Lewis & Clark Unit I (LC1) and Heskett Units I and II (H1&2) regulatory assets.

On November 20, 2024, the Commission issued a Notice of Opportunity for Hearing, which provided until January 4, 2025, 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 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 November 1, 2024, reflect projected costs through December 31, 2025, 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 PU-22-194, with rates effective July 1, 2023.

The rates reflect the impact of the \$4,852,253 refund from the 2023 Earning Sharing Refund Plan (Case PU-24-177) filed on May 1, 2024, and approved by Commission on September 27, 2024. The GRRR also includes 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, 2024.

The proposed rates for the 2024 GRRR are:

Residential & Small General	\$0.00385	per Kwh
Large General	\$1.12977	per KW
Space Heating Rate 32	\$0.53777	per KW
Lighting	\$0.00127	per Kwh

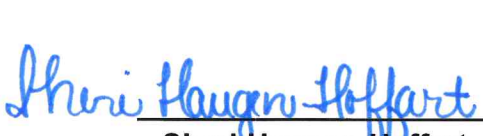
The incurred costs are reasonable and prudent.

Having considered this matter, the Commission finds MDU's proposed 2025 GRRR rate is just and reasonable and should be approved.

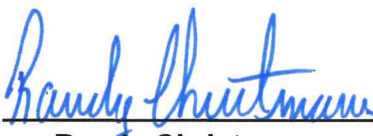
Order

The Commission Orders Montana-Dakota Utilities Co.'s 2025 Generation Resource Recovery rates filed on November 1, 2024, are approved for electric service rendered on or after February 1, 2025.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Jill Kringstad
Commissioner