



A Subsidiary of MDU Resources Group, Inc.

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May 1, 2025

Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard Ave., Dept. 408
Bismarck, ND 58505-0480

**Re: Earnings Sharing Refund Plan
Case No. PU-25-____**

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submits its request to the North Dakota Public Service Commission (Commission) for approval of the 2024 Earnings Sharing Refund Plan pursuant to the Commission's June 6, 2023 Order (June 6 Order) in Case No. PU-22-194. Also enclosed are an original and seven copies.

The June 6 Order Point 3 states that Montana-Dakota shall file, with its annual report, the achieved return on equity for the prior year and a refund plan to the extent the return on equity exceeds 10 percent. The Order further states that 70 percent of the earnings which produce a return on equity above 10 percent shall be refunded to North Dakota electric customers.

As shown in the attached Exhibit 1, Montana-Dakota's 2024 Annual Report of Electric Operations, also filed on May 1, 2025, showed realized earnings of \$59.4 million on a rate base of \$792.7 million producing a return on equity of 10.191 percent. Included in earnings was a \$3.2 million reserve for the earnings sharing refund and, in absence of the reserve, realized earnings would have been \$61.8 million producing a return on equity of 10.787 percent. As noted, the Company achieved a return on equity in excess of 10 percent; therefore, Montana-Dakota has calculated and now requests approval of an earnings sharing refund of \$2,908,502.

Montana-Dakota proposes to use the refund method approved in Case No. PU-24-177 where the Company credit the refund to the Lewis & Clark Unit I and Heskett Units I & II decommissioning regulatory asset balances. In addition, the Company proposes to reduce the annual amortization to maintain the amortization period consistent with the approved method in last year's filing. The regulatory assets will continue to be recovered through the Generation Resource Recovery Rider (GRRR). The reduced regulatory asset balance results in an overall savings to customers of \$3.5 million, and a decrease to the GRRR rate of \$0.00034, or \$3.24 annually over the remaining life of the regulatory assets.

Alternatively, the Company has previously issued similar refunds directly to customers over a period of two months. Given the timing of the filing, it is expected the refund would likely take place during the months of August and September 2025. Any remaining balance is typically applied to the Company's Fuel and Purchased Power Adjustment – Rate 58. While the Company's preferred approach is a reduction to the regulatory asset, Montana-Dakota also provides this alternative for the Commission's consideration. The alternative would result in a total refund of approximately \$14.88 for a residential customer using 800 kwh per month. A portion of the credit would be applied to the customer's account in both August and September.

Montana-Dakota appreciates the Commission's consideration of the proposal to apply this earnings sharing refund as a credit to the regulatory asset associated with the closure and decommissioning of Lewis & Clark Unit I and Heskett Units I and II and requests approval to apply the earnings sharing refund as a reduction to the regulatory assets with an effective date of July 1, 2025.

Please contact me at 701.222.7855 or travis.jacobson@mdu.com with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Travis R. Jacobson". The signature is written in a cursive style with a large initial 'T'.

Travis R. Jacobson
Vice President of Regulatory Affairs

Attachment

**MONTANA-DAKOTA UTILITIES CO.
OPERATING INCOME AND RETURNS
ELECTRIC UTILITY - NORTH DAKOTA
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

	2024 Actual W/O Reserve	Reserved Earnings Sharing	2024 Reported Results	Revenue Above 10% ROE	70% Sharing Above 10% ROE
Operating Revenues					
Sales / Reserve	\$259,897,839	(\$3,152,253)	\$256,745,586	\$4,155,003	\$2,908,502
Operating Expenses					
Operation and Maintenance	\$151,557,033		\$151,557,033		
Depreciation	42,412,731		42,412,731		
Taxes Other Than Income	8,330,981		8,330,981		
Income Taxes	(4,180,990)	(\$769,304)	(4,950,294)	1,014,024	709,817
Total Expenses	\$198,119,755	(\$769,304)	\$197,350,451		
Operating Income	\$61,778,084	(\$2,382,949)	\$59,395,135	\$58,637,105	\$59,579,399
Rate Base	\$792,714,684		\$792,714,684	\$792,714,684	\$792,714,684
Rate of Return	7.793%		7.493%	7.397%	7.516%
Return on Equity	10.787%		10.191%	10.000%	10.236%