

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Leif Clark,  Grid & Rate Engineer

Date: October 26, 2025

Re: Montana-Dakota Utilities Co., 2024 Earnings Sharing Refund Plan, Approval,
Case No. PU-25-180

On May 1, 2025, Montana-Dakota Utilities Co. (MDU) filed a request for approval of the 2024 Earnings Sharing Refund Plan pursuant to the Commission's June 6, 2023, Findings of Fact, Conclusions of Law and Order (June 6 Order) in Case No. PU-22-194. The June 6 Order stipulates that MDU shall file the achieved return on equity for the prior year along with their annual report, that 70% of the earnings in excess of a 10% return on equity (ROE) shall be refunded to ratepayers, and that MDU shall submit a refund plan which includes the amount and timing of the refund back to the ratepayers.

On September 10, 2025, the Commission issued a Notice of Opportunity for Hearing, which provided until October 24, 2025, for receiving comments and hearing requests. No response was received. The notice identified the issue to be considered in this matter is whether the proposed credit is just and reasonable.

MDU filed its 2024 Electric Annual Report in case PU-25-180, showing earnings of \$59.4 million on a rate base of \$792.7 million for a return on equity of 10.191%. This includes a \$3.2 million reserve for earnings sharing resulting in total earnings (excluding the reserve) of \$61.8 million or 10.787%, which exceeds the 10% earnings threshold. This results in an earnings sharing refund total of \$2,908,502 for 2024.

MDU proposes two methods to refund the overearnings. The first proposed method is to credit the refund to the Lewis & Clark Unit I and Heskett Units I & II decommissioning regulatory asset balances. MDU proposes to reduce the annual amortization to maintain the amortization period consistent with the approved method in last year's filing. This would result in a decrease to the Generation Resource Recovery Rider rate of \$0.00034, or \$3.24 annually over the remaining life of the regulatory assets.

The second proposed method is to issue the refunds directly to customers over a period of two months. This would result in a total refund of approximately \$14.88 for a residential customer using 800 kwh per month.

CC: Travis Jacobson – Montana-Dakota Utilities