

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
Transmission Facility Cost Recovery
Rates

Case No. PU-25-225

ORDER

October 23, 2025

Preliminary Statement

On July 16, 2025, Montana-Dakota Utilities Co. (MDU) filed an annual rate update under its Transmission Facility Cost Adjustment (TCA) tariff.

On August 7, 2025, the Commission issued a Notice of Opportunity for Hearing, which provided until September 19, 2025, for receiving written comments and hearing requests. 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. Do the investments and associated costs for the new or modified electric transmission facilities qualify for recovery?
2. Do the proposed rates comply with the tariff?
3. Are the proposed rates just and reasonable?

On September 19, 2025, AARP filed comments and Requested a Hearing.

On October 9, 2025, the Commission held an Informal Hearing to discuss the matter with MDU.

On October 10, 2025, AARP withdrew its Request for Hearing.

Discussion

MDU's application included two new transmission projects totaling \$1.4M in the proposed TCA revenue requirement. The proposed projects include the Tioga to Ray Line Rebuild Project necessary after wildfires in the fall of 2024 and the New Wishek Substation and Line Reroutes Project (New Wishek Project). The total project cost for the wildfire rebuild is \$2.1M and the total cost of the New Wishek Project is \$17M.

MDU's application includes recovery of previously approved transmission projects from the prior year's filing with an increased cost of \$1.6M associated with those projects. The cost increases are attributed to higher material and labor costs, increased utilization of LAM (laminated wood) structures, differences in as-built survey and design costs, updates to inventory costs, and incorrectly coded items relating to the April storm repair.

The main driver of the increased revenue requirement is due to the under recovery balance after the true up process. The change from 2024 to 2025 is a net increase of approximately \$6.8M or a needed recovery of \$3.3M. Last year's TCA filing had an over collected balance of \$3.5M which was largely returned to customers over the last twelve months. The drivers of the current under collected balance include higher than projected MISO and SPP net expenses and lower than projected Rate 45 revenue.

The residential TCA rate proposed to be effective November 1, 2025, is \$0.00340 per kWh or a change of \$0.00391 per kWh from the previous year's filing. A residential customer using 800 kWh per month would see an increase of \$3.13 under the revised TCA rate or an increase of \$37.56 annually.

The proposed investments and associated costs for new or modified electric transmission facilities qualify for recovery.

The proposed rates comply with the tariff.

The proposed rates are just and reasonable.

Order

The Commission orders Montana-Dakota Utilities Co.'s Transmission Facility Cost Adjustment tariff rate filed on July 16, 2025, is approved effective November 1, 2025.

PUBLIC SERVICE COMMISSION


Sheri Haugen-Hoffart
Commissioner


Randy Christmann
Chair


Jill Kringstad
Commissioner