

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From:  Chris Hanson, Public Utility Analyst

Date: February 17, 2026

Re: Montana-Dakota Utilities Co., Generation Resource Cost Recovery, Rates, Case No. PU-25-280

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 also incorporates the reduction of annual amortization resulting from the MDU 2024 Earnings Sharing Refund Plan in Case PU-25-180.

The filing proposes a 2026 revenue requirement of \$6,022,260, a decrease of \$1,100,436 from the 2025 filing. The Amortization of the L&C I and Heskett 1 & 2 retired assets decreased by \$695,000 from \$6,972,000 in 2025 to \$6,276,000 in 2026. This is due to the additional \$2,908,502 2024 earnings sharing which reduces the Net Rate Bases and the corresponding depreciation and return on rate base. This compares to the \$4,852,253, 2023 revenue sharing amount included in last years filing.

The GRRR filing also includes the Revenue Requirement Financial Incentive, which decreased slightly from \$8,075 in the 2025 filing to \$3,411 in the 2026 filing as well as the Over Recovery Balance which increased by \$399,772 from a \$146,621 under recovery in 2025 filing to a \$257,151 over recovery in the 2026 filing.

	2026 Filing	2025 Filing
Amortization of L&C I and Heskett 1 & 2	\$6,276,000	\$6,972,000
Revenue Requirement Financial Incentive	3,411	8,075
(Over)/ Under Recovery Balance	(257,151)	142,621
Total Cost to be Recovered through GRRR Rates	\$6,022,260	\$7,122,696

The change in revenue requirement results in a decrease to the average residential customer of \$0.46 per month or \$5.52 per year from as compared to the 2024 filing.