



MONTANA-DAKOTA
UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
701-222-7900

March 1, 2021

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

Re: Annual Update to Transmission
Cost Recovery Rider Rate 59
Docket No. EL21-___

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submits for Commission approval the annual update to its Transmission Cost Recovery Rider (TCRR) rate, pursuant to the terms of the Company’s Transmission Cost Recovery Rider Rate 59 tariff. Montana-Dakota is requesting approval of 5th Revised Sheet No. 28.1 of its electric tariffs to be effective with service rendered on and after May 1, 2021.

The tariff change is necessary to reflect the projected 2021 charges assessed Montana-Dakota for transmission-related services provided by the Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP), along with the projected revenues and/or credits received by Montana-Dakota for transmission-related services. In addition, Montana-Dakota is including the projected 2021 revenue requirements for two transmission projects approved in Docket No. EL20-10 as well as one new project in its projected 2021 TCRR update. The total projected 2021 transmission-related costs as allocated to South Dakota are \$1,038,261 as shown in the table below. The proposed TCRR rate of \$0.00694 per Kwh is applicable to all electric retail rate schedules and reflects an increase of \$0.00181 per Kwh from that currently authorized.

	Current Filing	Prior Filing	Variance
MISO/SPP Revenue	(\$791,934)	(\$639,030)	(\$152,904)
MISO/SPP Expense	1,673,745	1,483,799	189,946
SD PUC Charges	1,196	2,325	(1,129)
Transmission Projects - Approved	71,161	87,261	(16,100)
Transmission Projects - Proposed	69,221	0	69,221
Under/(Over) Recovery Balance	14,872	(170,211)	185,083
	\$1,038,261	\$764,144	\$274,117

Background

On June 15, 2016, the South Dakota Public Utilities Commission (Commission) approved a Settlement Stipulation in Docket No. EL15-024, the Company's last general electric rate case. As part of the Settlement Agreement approved, a Transmission Cost Recovery Rider Rate 59 tariff was established allowing for the recovery of transmission related revenues and costs eligible for recovery under SDCL 49-34A-25.1 through a Transmission Cost Rider on customers' bills. Specifically, the Rate 59 tariff provides for the recovery of new or modified transmission facilities constructed to improve the power delivery capability or reliability of the transmission system as well as federally regulated costs charged to or incurred by Montana-Dakota to increase regional transmission capacity or reliability that are not reflected in the Company's currently authorized rates. The first TCRR rate was implemented with service rendered on and after July 1, 2016. The Company's currently authorized TCRR rate of \$0.00513 per Kwh reflects the projected 2020 net transmission-related expenses as authorized in Docket No. EL20-010.

2021 TCRR Rate Update

Montana-Dakota is now requesting to update its TCRR rate to reflect actual costs incurred through December 31, 2020 and the projected costs through December 31, 2021. The net transmission costs, as allocated to South Dakota, are \$1,038,261 which includes projected 2021 costs of \$1,023,389, a net under-recovery of prior period costs and credits of \$16,111 and projected 2021 credits of \$1,239 as shown in Attachment A.

The MISO and SPP costs are offset through the inclusion of two credits: (1) Other O&M Revenue Credit in the amount of \$902 to reflect the credit due South Dakota customers for the recovery of other O&M costs associated with MISO Schedule 26A costs also included in South Dakota electric rates today and (2) Schedule 26A Return Credit in the amount of \$337 to reflect the application of the Company's actual 2020 capital structure and authorized return on equity, established in Docket No. EL15-024, in the FERC rate templates used in the determination of the MISO Schedule 26A charges for 2021.

Included in the over recovery of the prior period and credits costs is a true-up of the projected 2019 Other O&M Revenue Credit and Schedule 26A Return Credit described above. At the time of the Company's 2020 TCRR rate update, the actual 2019 Other O&M Revenue Credit and Schedule 26A Return credit were not available to include in the adjustment. In lieu of the actual credits, the Company included the projected 2020 credits. As 2019 actuals are now available, the Company is providing a true-up of the Schedule 26A Other O&M and Return credits. The 2019 credit true-ups and projected 2021 credits are provided in Attachment E.

The decrease in the projected 2021 costs compared to the actual 2020 costs is primarily due to an increase in SPP credits partially offset by an increase in MISO Schedule 26 and 26A charges.

The 2021 costs to be recovered through the TCRR are also based on South Dakota's share of the monthly plant in service balances, net of accumulated depreciation and associated deferred taxes, and depreciation and property taxes related to the portion of the Ellendale to Leola Transmission project and the Dickinson Breaker and Lines. Along, with the new addition to the Greenway Substation estimated to be in service date of December 2021.

2021 Transmission Projects

Montana-Dakota includes Phase 1 of the Ellendale to Leola Transmission project and Dickinson Loop Line project, both approved in Docket No. EL20-10. Phase 2 of the Ellendale to Leola Transmission project is still in progress and the planned completion has been delayed until 2022. The Company is requesting to include one additional project in its 2021 TCRR rate update. The project is described below:

Greenway Substation and Line Project – The Greenway Substation portion of the project involves constructing a new 69 kV (operated at 41.6 kV) Switching Station at the intersection of three 41.6 kV transmission lines in South Dakota. Adding a switching station with circuit breakers and protection equipment reduces the circuit miles of the transmission system and improves reliability and system operation flexibility. The Greenway line portion of the project is to replace the structures, conductor, and other attachments of the Greenway to Bowdle 41.6 kV transmission line. This line is approximately 30 miles long. The rebuild is driven by age and condition. New construction standards will be used, improving the reliability of the transmission line. The project is scheduled to be in-service in December 2021 and is estimated at \$9.8 million. The project will be directly assigned to South Dakota.

The following attachments are provided in support of the rate update:

Attachment A – Summary of the Transmission Costs and proposed TCRR rate.

Attachment B – Projected 2021 costs and revenues/credits. Pages 1 and 2 provide a summary of the projected costs and revenues/credits by MISO and SPP schedules and as allocated to South Dakota. Pages 3 through 8 provide the support for the projected costs and revenues and credits. Pages 9 through 11 provide a brief description of the MISO and SPP revenue, credits, and charges included.

Attachment C – Projected 2021 revenue requirements for the three transmission projects: Includes the Leola Substation and 115 kV line between Ellendale to Leola Transmission project, the Dickinson Breaker and Lines, and the Greenway Substation and Lines is estimated to be placed in service in 2021.

Attachment D – Actual 2020 costs and revenues by MISO and SPP schedules and as allocated to South Dakota are provided. The actual 2020 Revenue requirement for Ellendale to Leola Transmission project and the Dickinson Breaker and Lines is also provided.

Attachment E – The calculation of the MISO Schedule 26A Return Credit and Other O&M Credit for the 2019 True-Up and Projected 2021. Pages 1 and 2 reflect the calculation of the Return Credits. Page 3 reflects the calculation of the Other O&M Return Credits.

Attachment F – Calculation of the under recovered balance from 2020 based on the actual net expenses and the revenues collected.

Attachment G – Customer Notice of Filing bill insert to be included with customers' bills.

An electronic copy of Attachments A through F and supporting workpapers will be provided to Commission Staff no later than March 15, 2021.

The above noted costs are proposed to be recovered through the TCRR rate effective May 1, 2021 through April 30, 2022. A typical residential customer using 853 Kwh would see an increase of \$1.54 per month or \$18.48 annually.

Included as Attachment H is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment I in a conspicuous place in each business office in its affected electric service territory in South Dakota.

The Company will pay the deposit amount required pursuant to SDCL §49-1A-8 upon the Commission's Order assessing such fee.

Please refer all inquiries regarding this filing to:

Mr. Travis R. Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501
Travis.jacobson@mdu.com

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Brett Koenecke
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, South Dakota 57501-0160

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05. Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachments

cc: B. Koenecke