



A Subsidiary of MDU Resources Group, Inc.

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June 17, 2024

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

**RE: Fuel and Purchased Power Adjustment – July 2024**

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota, Company) herewith respectfully files its fuel and purchased power (F&PP) adjustment pursuant to its Rate 58 tariff.

Base Fuel	\$0.02524
Fuel and Purchased Power Adjustment	<u>(0.00798)</u>
Total	\$0.01726

On November 8, 2023, in Order EL23-031, the Commission granted Montana-Dakota's request for waiver of the filing requirements for the F&PP Rate 58 tariff until July 1, 2024. Pursuant to the Order, the Company now resumes the monthly filing requirements for the F&PP adjustment.

On August 15, 2023, Montana-Dakota filed a General Electric Rate Case in Docket No. EL23-020. As part of the Company's rate case, interim rates were effective March 1, 2024. In the interim rates, Production Tax Credits (PTC's) were included in the Company's Fuel and Purchased Power Adjustment rates. The offset of the PTC's is shown on Exhibit B, pages 2 through 3, and Exhibit C, page 3.

Exhibit A is the 91<sup>st</sup> Revised Sheet No. 27.2 showing the proposed Fuel and Purchased Power Adjustment to be effective with service rendered on and after July 1, 2024, pursuant to Commission approval.

Exhibit B, page 1 summarizes the fuel and purchased power adjustment calculated pursuant to the terms of Interim Rate 58 authorized in Docket No. EL23-020. The total F&PP adjustment is 1.726 cents per kWh that will apply during the month of July 2024. Pages 2 through 4 show the calculation of the adjustment which is based on a four-month historical average cost of fuel and purchased power.

Exhibit C shows the calculation of the surcharge adjustment that will be applicable to Montana-Dakota's customers on July 1, 2024 through June 30, 2025. The Deferred Fuel Cost Account is projected to have an under recovered balance of \$541,548 which results in a surcharge adjustment of 0.380 cents per kWh as shown on page 1, representing an increase of 0.393 cents per kWh from the currently effective surcharge adjustment.

The high under recovered balance in the deferred fuel cost account is due to significant increases in the overall per unit cost of purchased power costs beginning in August 2023 through the winter season of 2024 that Montana-Dakota experienced due to congestion in an area of the Company's system which is located in both Midcontinent Independent System Operator (MISO) and Southwest Power Pool's (SPP) footprint. The Company has been active in its actions to find a solution to curb the congestion in that local area, as well as filing a Complaint against MISO and SPP in the Federal Energy Regulatory Commission (FERC) Docket No. EL24-61-000. The Complaint is pending before the FERC; however, through these actions, Montana-Dakota has been seeing the overall per unit cost of purchased power decreases the past few months.

The net effect of this F&PP adjustment is a reduction from the currently effective interim rates of 2.185 cents per kWh for service rendered in the month of July 2024.

The per unit decrease is primarily the result of lower purchased power prices in the Regional Transmission Organizations that Montana-Dakota participates.

All of Montana-Dakota's retail electric customers in South Dakota may be affected by this proposal. There were 8,469 customers in South Dakota as of May 31, 2024.

If you have any questions regarding this filing, please contact me at (701) 222-7855 or [Travis.Jacobson@mdu.com](mailto:Travis.Jacobson@mdu.com).

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

Attachments