

**Montana-Dakota Utilities Co.
Electric Utility – South Dakota
Electric Interim Rate Refund Plan
Docket No. EL23-020**

Montana-Dakota Utilities Co. (Montana-Dakota) proposes the following Electric Interim Rate Refund Plan to enable refunding the difference between the final overall increase in revenues and the interim increase implemented March 1, 2024 as outlined further herein.

On January 26, 2024, Montana-Dakota filed its Notice of Intent to Implement Interim Rates pursuant to SDCL 49-34A-17. The interim rate increase was comprised of two separate elements: an interim increase of \$2,266,384 and a transfer of \$3,577,558 in revenue associated with assets that were being recovered through the Company's Transmission Cost Recovery Rider Rate 57 (Transmission Rider) and the Infrastructure Rider Rate 56 (Infrastructure Rider) to base rates. The Company's Notice further explained that the increase being implemented March 1, 2024 excluded a large capital project that was experiencing delays and therefore excluded from the Company's interim revenue requirement and rates. On March 1, 2024, Montana-Dakota implemented an interim increase of \$5,843,942 on an annual basis.

The interim rate of 58.367 percent is applicable to the amounts billed under the Basic Service Charge, Energy Charge, and Demand Charge of each electric rate schedule and is shown as a separate line item on the bill. The interim rate represents the increase in electric revenues excluding those revenues collected under the Fuel and Purchased Power, Transmission Cost Recovery Rider, and Infrastructure Rider components of customers' bills.

The Settlement Stipulation between Montana-Dakota and Commission Staff provides for a final increase in revenues of \$4,581,856 on an annual basis and is comprised of two separate elements: a final increase in rates of \$1,004,298 and a transfer of \$3,577,558 in revenue associated with assets that were being recovered through the Company's Transmission Cost Recovery Rider Rate 57 (Transmission Rider) and the Infrastructure Rider Rate 56 (Infrastructure Rider) to base rates. The final increase includes the large capital project excluded from interim as the capital project is now in service and therefore reflected in the final revenue requirement.

In order to properly recognize the interim revenue requirement against the final revenue requirement, the electric interim rate refund plan proposed herein considers both the final revenue requirement excluding the large capital project for the time period of March 1, 2024 through July 7, 2024 and including the project July 8, 2024 forward. A summary of the elements of the interim increase as compared to the final increase are included in the table below and included on Exhibit E page 4:

	Interim Increase (w/o project)	Final Increase (w/o project)	Final Increase (w/ project)
Base Rates	\$2,266,384	\$645,810	\$1,004,298
Transfer of Assets to Base Rates from Riders	\$3,577,558	\$3,577,558	\$3,577,558
Total Base Revenue Increase	\$5,843,942	\$4,223,368	\$4,581,856
% Refundable		27.731%	21.596%

As shown on Exhibit E, page 6, Montana-Dakota has collected \$1,402,213 on an actual interim basis through June 30, 2024. It is estimated that an additional \$1,286,834 will be collected through the end of the prorate period, or September 30 2024. In applying the interim refund rates of 27.731 percent and 21.596 percent to the

projected interim to be collected through September 30, 2024, Montana-Dakota estimates an interim refund requirement of \$666,753 before the application of interest or 24.795 percent of the interim collected. The interest rate to be applied is seven percent, pursuant to ARSD 20:10:19:08 and will be applied to the prior month's ending refund balance. The refund requirement will be adjusted to reflect the actual dollars collected when those dollar amounts are available.

Bill credits will be calculated based on the actual interim dollars collected from each customer using the final interim rate refund factor. The application of the refund credits to customer accounts will be realized within 90 days following the implementation of final rates or no later than November 29, 2024.

The Company is proposing that bill credits be applied to active customer accounts with checks issued in the event a customer account is no longer active and the refund is \$5.00 or greater. Any un-refunded balance associated with inactive customers whose refund is less than \$5.00 and any difference due to rounding will then be credited to the Company's Deferred Fuel Cost Account.

Upon completion of the application of the refund, Montana-Dakota will submit a compliance filing summarizing the breakdown of the refund by rate class and the amount applied to the Deferred Fuel Cost Account.

**Montana-Dakota Utilities Co.
 Electric Utility - South Dakota
 Interim Rate Refund Factor - Estimate
 Docket No. EL23-020**

	<u>Interim Periods</u>		<u>Interim Refund</u>	<u>Interim Refund Factor</u>
	<u>3/1/2024 - 7/7/2024</u>	<u>7/8/2024 8/31/2024</u>		
Calculation of Interim Rate Refund Factor:				
Interim Rate Increase 1/				
Increase in Base Rates	\$2,266,384	\$2,266,384		
Transfer of Assets to Base Rates from Riders	<u>3,577,558</u>	<u>3,577,558</u>		
Interim Rate Increase	5,843,942	5,843,942		
Authorized Final Rate Increase				
Increase in Base Rates	645,810	1,004,298		
Transfer of Assets to Base Rates from Riders	<u>3,577,558</u>	<u>3,577,558</u>		
Authorized Final Rate Increase	4,223,368	4,581,856		
Interim Amount to be Refunded	1,620,574	1,262,086		
% Refundable	27.731%	21.596%		
Total Interim Collected	1,402,213	1,286,834	\$2,689,047	
Interim to be Refunded (excluding interest)	388,848	277,905	666,753	24.795%
Interest on Interim Balance			<u>12,290</u>	
Total Amount to be Refunded			<u>\$679,043</u>	
Interim Refund Factor			25.252%	

1/ Company's January 26, 2024 Notice of Intent to Implement Interim Electric Service Rates, Attachment C, Page 1 of 3.

**Montana-Dakota Utilities Co.
 Electric Utility - South Dakota
 Calculation of Interest on Interim Collected - Estimate
 Docket No. EL23-020**

	Beginning Interim Refund Balance	Current Month Interim Collected	Interim to be Refunded	Interest on Interim Refund Balance 1/	Ending Interim Refund Balance
March 2024 2/	\$0	\$164,795	\$45,699	\$0	\$45,699
April	45,699	451,768	125,280	267	171,246
May	171,246	394,754	109,469	999	281,714
June	281,714	390,896	108,399	1,643	391,756
July <i>projected</i>	391,756	489,214	135,664	2,285	529,705
August <i>projected</i>	529,705	554,996	153,906	3,090	686,701
September <i>projected</i>	686,701	242,624	67,282	4,006	757,989
		<u>\$2,689,047</u>	<u>\$745,699</u>	<u>\$12,290</u>	

1/ Consumer Deposit Interest Rate of 7%.

2/ Interim rate effective with service rendered on and after March 1, 2024.

**Montana-Dakota Utilities Co.
 Electric Utility - South Dakota
 Refund per Rate Reporting Class - Estimate
 Docket No. EL23-020**

<u>Rate Reporting Class</u>	<u>Actual Interim Collected 1/</u>	<u>Projected Interim 2/</u>	<u>Total Interim</u>	<u>% to Refund</u>	<u>Estimated Refund</u>	<u>Estimated Refund/Customer</u>	<u>Customers</u>
Residential Service	\$716,258	\$675,914	\$1,392,172	25.252%	\$351,551	\$52.49	6,697
Small General Service	335,174	321,606	656,780	25.252%	165,850	\$81.70	2,030
Large General Service	321,777	264,888	586,665	25.252%	148,145	\$548.69	270
Lighting Service							
Rate 24	2,603	1,997	4,600	25.252%	1,162	\$2.08	560
Rate 41	13,566	10,455	24,021	25.252%	6,066	\$114.45	53
Municipal Pumping Service	12,835	11,974	24,809	25.252%	6,265	\$122.84	51
Total South Dakota	<u>1,402,213</u>	<u>1,286,834</u>	<u>2,689,047</u>		<u>679,039</u>		<u>9,661</u>

1/ Actual interim revenue collected March 1 through June 30, 2024.

2/ Projected interim revenue for July 1 through September 30, 2024.