



*A Subsidiary of MDU Resources Group, Inc.*

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October 23, 2023

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

Re: Docket No. EL23-\_\_\_\_  
Fuel and Purchased Power Adjustment Rate 58  
Request for a Waiver of Tariff Provision

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submits a request to the South Dakota Public Utilities Commission (Commission) for approval of a tariff provision waiver regarding the filing requirement in the Company's Fuel and Purchased Power Adjustment Rate 58 (Rate 58).

Rate 58, Section 2 part b states "Montana-Dakota shall file an adjustment to reflect changes in its average cost of electric supply only when the amount of change in such adjustment is at least .001 cents per Kwh."

Montana-Dakota has experienced a significant increase in the overall per unit cost of purchased power during the months of August and September. At this time, the increased purchased power costs have continued into October; however, the impact of October has not been fully realized as of the date of this filing. The per unit increase is primarily the result of higher purchased power prices in the Regional Transmission Organizations in which Montana-Dakota participates. The primary reason for the increase in the per unit pricing is related to congestion within the Southwest Power Pool footprint. The pricing within the Midcontinent Independent System Operator's footprint has also been negatively impacted by these same system constraints.

The Company plans to prepare its Fuel and Purchased Power Adjustment for the month of December 2023 in mid-November in accordance with its tariff. Rate 58 indicates the cost of fuel and purchased power shall be based on the costs for the most recent four month period, which will include the higher costs incurred in August through October. For that reason, the Company expects the December cost of fuel

and purchased power will represent an increase that exceeds .001 cents per Kwh compared to the November filing. See the table below for a comparison of the estimated rate for December 2023 versus that included in the Company's November 2023 filing submitted on October 20, 2023 as well as an estimated customer impact.

**Estimated Fuel and Purchased Power Adjustment**

December Rate	\$0.06201
November Rate	<u>0.04471</u>
Estimated Increase	<u><u>\$0.01730</u></u>

Impact to a residential customer using 900 kWh	\$15.57
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To mitigate the increase that would ordinarily be implemented for service rendered on and after December 1, 2023 as provided for under Rate 58, Section 2 part a, Montana-Dakota now requests the Commission approve a waiver of the tariff requirement to "file an adjustment to reflect changes in its average cost of electric supply only when the amount of change in such adjustment is at least .001 cents per Kwh." At this time, the Company's waiver request would remain in effect until the Company's July 2024 Fuel and Purchased Power Adjustment filing, subject to continued review and analysis and agreement of the Commission and Staff.

Rate 58, Section 2 part b also states "The adjustment to be effective July 1 shall be filed each year, regardless of the amount of the change." The Company is not requesting a waiver of that tariff provision and, at this time, proposes to file in June 2024 for rates to be effective with service rendered on and after July 1, 2024. That filing would be inclusive of any undercollected balance resulting from the higher purchased power prices not being reflected in the intervening Rate 58 updates.

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

Sincerely,

*/s/ Travis R. Jacobson*  
Travis R. Jacobson  
Director of Regulatory Affairs

CC: Brett Koenecke