

**BEFORE THE PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

In the Matter of the Application of)	
MONTANA-DAKOTA UTILITIES CO., a)	Docket No. EL15-024
Division of MDU Resources Group, Inc.)	Notice of Intent to Implement
for Authority to Establish Increased Rates)	Interim Electric Service Rates
for Electric Service)	

I. Introduction

Pursuant to SDCL 49-34A-17, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith electronically submits this Notice of Intent advising the South Dakota Public Utilities Commission (Commission) of the Company's intent to implement an interim rate increase of \$2,655,643 or 19.2% for service rendered on and after January 1, 2016 as permitted under SDCL 49-34A-17 and until final rates are implemented following a final decision in Docket No. EL15-024.

The tariff sheets provided in Attachment A designate that the amounts billed for the Base Rate, Energy Charge and Demand Charge under each rate schedule are subject to an increase of 21.687%. This represents the percentage increase in electric revenues, excluding revenues collected under the fuel cost adjustment, based on the amount of revenue to be collected on an interim basis. The amount billed will be shown as a separate line item on a customer's bill.

II. Background

On June 30, 2015, Montana-Dakota filed with the Commission its application requesting authority to increase its electric rates in South Dakota. On July 22, 2015, the Commission ordered the proposed schedule of rates suspended for 180 days from the June 30 filing date, pursuant to SDCL 49-34A-14. The 180 day suspension period expires December 27, 2015.

South Dakota Codified Law provides a utility a mechanism for implementing interim rates absent a Commission decision following the expiration of a suspension period. SDCL Section 49-34A-17 provides that a public utility may implement the proposed practice, the proposed rate, or a rate lower than the proposed rate if:

The proposed rate or practice has not been suspended or is no longer subject to suspension;

1. The Commission has not issued a final decision; and
2. Thirty days has passed from the date of filing.

If the public utility implements the proposed rate or a rate lower than the proposed rate, the public utility shall use the same rate design that is currently in effect or the rate design that the public utility proposed when the public utility filed for the increased rate.

It is Montana-Dakota's understanding that no Commission action is required to implement the interim rates set forth herein.

III. Interim Rate Summary

The interim rate increase of \$2,655,643 (representing the revenue requirement identified in the Application submitted on June 30, 2015) will be applied using the Company's currently authorized rate design and will be effective with service rendered on and after January 1, 2016 applicable to customers located in the Company's South Dakota service area. Montana-Dakota will be implementing the following tariff changes, attached hereto as Attachment A, to Montana-Dakota's electric service tariffs to be effective January 1, 2016:

- Residential Electric Service Rate 10 7th Revised Sheet No. 1
- Optional Time-Of-Day Residential Electric Service Rate 16 10th Revised Sheet No. 3
- Small General Electric Service Rate 20 8th Revised Sheet No. 5
- Large General Electric Service Rate 30 3rd Revised Sheet No. 5.3
- Small General Electric Standby and Supplementary Service Rate 22 7th Revised Sheet No. 6
- Large General Electric Standby and Supplementary Service Rate 31 3rd Revised Sheet No. 7
- Firm Service Economic Development Rate 34 1st Revised Sheet No. 8
- Private Lighting Service Rate 24 7th Revised Sheet No. 10
- Irrigation Power Service Rate 25 8th Revised Sheet No. 12
- Optional Time-Of-Day Small General Electric Service Rate 26 8th Revised Sheet No. 14.1

- Optional Time-Of-Day Large General Electric Service Rate 33 5th Revised Sheet No. 15.1
- Feed Grinding Service Rate 27 (Closed) 6th Revised Sheet No. 16
- Street Lighting Service Rate 41 7th Revised Sheet No. 19
- Municipal Pumping Service Rate 48 8th Revised Sheet No. 21
- General Electric Water Heating Service Rate 50 (Closed) 7th Revised Sheet No. 23
- Special Residential Electric Dual Fuel Space Heating Service Rate 53 10th Revised Sheet No. 24
- Special General Electric Dual Fuel Space Heating Service Rate 54 10th Revised Sheet No. 25
- General Electric Space Heating Service Rate 56 (Closed) 7th Revised Sheet No. 26
- Occasional power Purchased Non-Time Differentiated Rate 95 30th Revised Sheet No. 28
- Short-Term Power Purchased Time Differentiated Rate 96 31st Revised Sheet No. 29
- Long-Term Power Purchased Time Differentiated Rate 97 31st Revised Sheet No. 30

The tariff sheets provided in Attachment A designate that the amounts billed for the Base Rate, Energy Charge and Demand Charge under each rate schedule are subject

to an increase of 21.687%. This represents the percentage increase in revenues, excluding fuel cost adjustment revenues, based on the amount of revenue to be collected on an interim basis. The amount billed will be shown as a separate line item on a customer's bill.

Please see Attachment B for the calculation and allocation of the interim rate increase to be effective January 1, 2016.

Montana-Dakota understands that the interim rate increase will remain in effect until final rates are implemented following a Commission decision in the aforementioned docket. The interim will be subject to refund, pending a final Commission decision on the Company's application. In adherence to SDCL49-34A-17 which outlines "upon completion of the hearings and decision, the Commission may by further order require the public utility to refund, with interest, to customers, the portion of the increased rates found to be unjust, unreasonable, or discriminatory. The refund shall be carried out as provided in SDCL Section 49-34A-22 and 49-34A-23." Montana-Dakota will maintain customer billing information pertaining to the interim rate increase in the event the Commission approves an increase less than the Company's request and any refund is required.

IV. Customer Notice

In accordance with the Administrative Rules of South Dakota (ARSD) 20:10:13:39(6), Montana-Dakota states that the interim rate may affect 8,600 electric customers located in the Company's service area in South Dakota. A Residential Rate 10 bill comparison

is included as Attachment B, page 2 showing that a typical residential customer will see an overall increase of 19.5% or, on average, a monthly increase of \$17.22.

Included herewith is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions by lining through the existing language which the Company intends to delete and underlining the new language which the Company intends to implement. Included as Attachment C is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:36.

Montana-Dakota will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment D in a conspicuous place in each business office in the affected electric territory for at least 30 days before the changes becomes effective.

Dated this 23rd day of November, 2015



Tamie A. Aberle
Director of Regulatory Affairs