

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

In the Matter of the Application of	)	
MONTANA-DAKOTA UTILITIES CO., a	)	Docket No. NG12-008
Division of MDU Resources Group, Inc.	)	Notice of Intent to Implement
for Authority to Establish Increased Rates	)	Interim Rates
for Natural Gas 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 \$1,547,982 or 3.83% for service rendered on and after July 22, 2013 as permitted under SDCL 49-34A-17 and until final rates are implemented following a final decision in Docket No. NG12-008.

The tariff sheets provided in Attachment A designate that the amounts billed for the Basic Service Charge and the Distribution Delivery Charge under each rate schedule are subject to an increase of 12.008%. This represents the percentage increase in distribution revenues based on the amount of revenue to be collected on an interim basis. The Cost of Gas will not be subject to the interim increase. The amount billed will be shown as a separate line item on a customer's bill.

## II. Background

On December 21, 2012, Montana-Dakota filed with the Commission its application requesting authority to increase its natural gas rates in South Dakota, applicable to both the Company's Black Hills and East River service areas. The Company also requested to consolidate the Black Hills and East River service areas into one rate jurisdiction. On January 18, 2013, the Commission ordered the proposed schedule of rates suspended for 180 days, pursuant to SDCL 49-34A-14. The 180 day suspension period expires June 19, 2013.

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 \$1,547,982 or 3.83% (representing the revenue increase requested in the Application submitted on December 21, 2012) will be applied using the Company's currently authorized rate design and will be effective with service rendered on and after July 22, 2013 applicable to customers located in the Company's Black Hills service area only. The interim rate will not be applicable to customers in the Company's East River service area, for reasons set forth below. Montana-Dakota will be implementing the following tariff changes, attached hereto as Attachment A, to Montana-Dakota's natural gas tariffs to be effective July 22, 2013:

- Rate Summary Sheet, 94<sup>th</sup> Revised Sheet No. 1
- Residential Gas Service Rate 60 4<sup>th</sup> Revised Sheet No. 2
- Ellsworth Air Force Base Rate 64 1<sup>st</sup> Revised Sheet No. 5
- Firm General Gas Service Rate 70 3<sup>rd</sup> Revised Sheet No. 11
- Small Interruptible General Gas Service Rate 71 2<sup>nd</sup> Revised Sheet No. 12
- Optional Seasonal General Gas Service Rate 72 5<sup>th</sup> Revised Sheet No. 13
- Transportation Service Rates 81 and 82 2<sup>nd</sup> Revised Sheet No. 22
- Large Interruptible General Gas Service Rate 85 3<sup>rd</sup> Revised Sheet No. 26

The tariff sheets provided in Attachment A designate that the amounts billed for the Basic Service Charge and the Distribution Delivery Charge under each rate schedule are subject to an increase of 12.008%. This represents the percentage increase in

distribution revenues based on the amount of revenue to be collected on an interim basis. The Cost of Gas will not be subject to the interim increase. The amount billed will be shown as a separate line item on a customer's bill.

Montana-Dakota will not be applying the interim increase to customers taking service within the Company's East River service area. The docket discloses that a decrease in rates has been proposed applicable to the East River customers and, therefore, Montana-Dakota will not be applying an interim increase to East River Residential Rate 66 and East River Firm General Service Rate 76. Please see Attachment B for the calculation and allocation of the interim rate increase applicable to the Black Hills service area.

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.

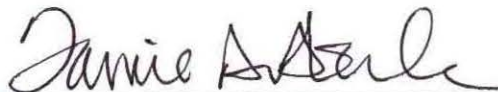
#### IV. Customer Notice

In accordance with the Administrative Rules of South Dakota (ARSD) 20:10:13:39(6), Montana-Dakota states that the interim rate may affect 47,600 gas customers located in the Company's Black Hills service area in South Dakota. A Residential Rate 60 bill comparison is included as Attachment B, page 2 showing that a typical residential customer will see an overall increase of 4.5% or, on average, a monthly increase of \$2.09.

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 gas territory for at least 30 days before the changes becomes effective.

Dated this 19<sup>th</sup> day of June, 2013



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Tamie A. Aberle  
Director of Regulatory Affairs