

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

In the Matter of the Application of	)	
MONTANA-DAKOTA UTILITIES CO., a	)	Docket No. NG15-005
Division of MDU Resources Group, Inc.	)	Notice of Intent to Implement
for Authority to Establish Increased Rates	)	Interim Natural Gas Service
for Natural Gas Service	)	Rates

**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 \$1,532,999 or 8.987% 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. NG15-005.

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 8.987%. This represents the percentage increase in gas revenues, excluding revenues collected under the Cost of Gas, 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 natural gas 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 \$1,532,999 or 8.987% (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 natural gas service tariffs to be effective January 1, 2016:

- Rate Summary Sheet, 119<sup>th</sup> Revised Sheet No. 1 (to be updated, if necessary, for the January Cost of Gas by mid-December)
- Residential Gas Service Rate 60 5<sup>th</sup> Revised Sheet No. 2
- Firm General Gas Service Rate 70 4<sup>th</sup> Revised Sheet No. 11 & 3<sup>rd</sup> Revised Sheet No. 11.1
- Small Interruptible General Gas Service Rate 71 3<sup>rd</sup> Revised Sheet No. 12
- Optional Seasonal General Gas Service Rate 72 6<sup>th</sup> Revised Sheet No. 13 & 3<sup>rd</sup> Revised Sheet No. 13.1
- Transportation Service Rates 81 and 82 3<sup>rd</sup> Revised Sheet No. 22
- Large Interruptible General Gas Service Rate 85 4<sup>th</sup> Revised Sheet No. 26

The tariff sheets provided in Attachment A designate that the amounts billed for the Basic Service Charge and Distribution Delivery Charge under each rate schedule are subject to an increase of 8.987%. This represents the percentage increase in revenues,



excluding the Cost of Gas, 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 57,600 gas customers located in the Company's 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 3.6% or, on average, a monthly increase of \$1.71.

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 23<sup>rd</sup> day of November, 2015

  
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Tamie A. Aberle  
Director of Regulatory Affairs