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South Dakota

PUBLIC UTILITIES COMMISSION

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January 26, 2016

Lt. Col. George Larson

[REDACTED]
Rapid City, SD 57702

Dear Lt. Col. Larson:

This is in response to your letter and bill enclosure regarding MDU's rate increase request application open before the commission.

When a utility files a rate request increase with the commission, the commission is obligated by law to thoroughly process the case. We are required to investigate and make a just and reasonable decision. This process can take up to a year to complete. Each commissioner, the commission's staff and expert consultants hired by staff will review the entire case – referred to as a docket – separately, along with any intervenors in the case. We request and review additional data and information from the utility and analyze this before a decision is rendered.

My fellow commissioners and I pay close attention to a utility's offered justification as to a rate increase request, and you may wish to read this as well as other testimony filed by MDU. You can find this online at www.puc.sd.gov. Click on Commission Actions, Commission Dockets, Natural Gas Dockets, 2015 Natural Gas Dockets, and scroll to NG15-005.

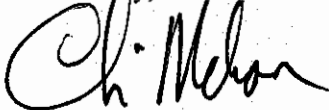
I am enclosing a document titled Natural Gas Increase Requests Guide which may be helpful. As explained in this document, the commission may approve, deny or approve with modifications the proposed rate increase as the commission finds appropriate and legally within its jurisdiction. If the PUC has not completed its investigation and ruled on a case within six months following the filing, the utility may implement interim rates. If the commission determines no increase or a smaller increase is justified, customers receive refunds with interest on the higher rates paid in the interim.

Here is an excerpt from MDU's letter filed with its rate increase request and available on the PUC website:
The primary reason for the increase in rates is increased operating expenses along with increased investment in facilities, including the related depreciation expense and taxes, partially offset by an increase in customers and throughput.

None of us wishes to see our rates increase including my fellow commissioners. However, the law requires the commission to allow utility rates that are proven reasonable and justifiable.

Thank you for contacting the commission. All discussion involving commissioners on open dockets must be available to the public. Therefore, your letter and my response will be filed in this docket.

Sincerely,


Chris Nelson