



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

June 30, 2015

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

Re: General Natural Gas Rate Application
Docket No. NG15-____

Montana-Dakota Utilities Co. (Montana-Dakota, Company or Applicant), a Division of MDU Resources Group, Inc., herewith submits its application for an increase in natural gas rates. This filing is made in accordance with Administrative Rules of South Dakota (ARSD), Sections 20:10:13:26 and 20:10:13:39 through 20:10:13:104 inclusive.

Montana-Dakota will prove by competent evidence that its existing natural gas rates do not allow Montana-Dakota to fully recover the cost of providing gas service to its South Dakota customers and that therefore, the current rates are unjust, unreasonable and not compensatory.

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.

Montana-Dakota's last general gas rate case was in 2012 (Docket No. NG12-008). The resulting increase was two percent with final rates effective on December 1, 2013.

Montana-Dakota strives to control its costs by continually looking for opportunities that create efficiencies and control costs. In spite of Montana-Dakota's efforts to control costs, the Company sees cost pressures as the need to replace existing infrastructure and add new infrastructure continues.

Authorization of the requested increase in revenues will provide Montana-Dakota a reasonable opportunity to earn a fair rate of return for its South Dakota natural gas operations. The Company proposes a total increase in distribution revenues

of \$1,532,319, as shown on Statement O, page 1 based on an average test year for the twelve months ended December 31, 2014 adjusted for known and measurable changes. The proposed increase will affect approximately 57,600 natural gas customers in South Dakota. The proposed change in rates is shown below:

	Amount	Percent Increase
Residential	\$1,320,878	4.6%
Firm General	156,609	0.8%
Small Interruptible	2,286	0.8%
Large Interruptible	52,546	3.3%
Total	\$1,532,319	3.1%

A typical residential customer will see an average increase of approximately \$2.21 per month.

Included in Appendix B of the Application is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language, which the Company proposes to delete, and underlining the new proposed language.

In accordance with ARSD 20:10:13:39(6), it is noted that the proposed rates may potentially affect 57,600 gas customers located in the Company's service area in South Dakota. Attached as Exhibit A is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26.

The Company will comply with ARSD 20:10:13:18 by posting a Notice of the proposed rates, as shown on Exhibit B, in each of its business offices affected by the proposed change.

In support of the Company's request, the following documents are included with this Letter of Transmittal:

- Notice and Certificate of Service
- The Application including:
 - Appendix A – Current Rate Schedules
 - Appendix B - Proposed Final Rate Schedules including a redlined

version of tariffs denoting proposed changes.

- Prefiled Direct Testimony and Exhibits in support of the Application
- Supporting Statements and Workpapers required by the Commission's filing requirements, ARSD §20:10:13:51 through §20:10:13:102

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501
Tamie.aberle@mdu.com

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Brett Koenecke
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, South Dakota 57501-0160

All of the materials included in this Application will be available for public inspection at each of Montana-Dakota's business offices and posted on Montana-Dakota's internet site.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

An electronic copy of the filing has been submitted.

Sincerely,



Garret Senger
Executive Vice President-
Regulatory Affairs and CAO