



A Subsidiary of MDU Resources Group, Inc.

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August 15, 2023

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Application of Montana-Dakota Utilities Co. for Authority to Increase Rates
for Natural Gas Service in South Dakota
Docket No. NG23-____

Montana-Dakota Utilities Co. (Montana-Dakota or Company) hereby electronically submits the enclosed Application and Notice to the South Dakota Public Utilities Commission (Commission) for authority to increase rates for natural gas service in South Dakota. 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. Physical copies have also been submitted to the Commission.

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 natural 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 driven primarily by the investments made since the last rate case and increases in operating expenses, including the related depreciation expense and taxes, partially offset by an increase in customers and throughput.

Montana-Dakota's last general natural gas rate case was filed in 2015 (Docket No. NG15-005). The resulting increase was 2.45 percent with final rates effective on July 1, 2016.

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 \$7,420,480, as shown on Statement O, page 1 based on a test year for the twelve months ended December 31, 2022 adjusted for known and measurable changes. The proposed increase will affect approximately 64,600 natural gas customers in South Dakota. The proposed change in rates is shown below:

	Amount	Percent Increase
Residential	\$5,981,780	15.9%
Firm General	1,309,903	4.9%
Small Interruptible	5,753	1.9%
Large Interruptible	123,044	6.1%
Total	\$7,420,480	11.2%

A typical residential customer will see an average increase of approximately \$8.70 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 affect 64,600 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, as well as:

- Application and Notice
- Attestation by Authorized Accounting Representative
- Report of Tariff Schedule Change, Exhibit A
- Public Rate Increase Notice, Exhibit B
- Notice of Filing Bill Insert, Exhibit C
- Appendix A – Current Rate Schedules
- Appendix B - Proposed Final Rate Schedules including a redlined version of tariffs denoting proposed changes.

- 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

In accordance with ARSD 20:10:13:39(6), it is noted that the proposed rates may affect 64,600 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 certifies that it will notify customers of the proposed increase in compliance with ARSD 20:10:13:17 through 20:10:13:19, inclusive. Montana-Dakota is providing notice to customers of the proposed increase by posting notice on its website <https://www.montana-dakota.com>. The Company will provide notice to individual customers via paper or electronic notification. Customers who elect to receive paper bills will receive paper notices, and customers who elect to receive electronic bills will receive electronic notices. At the conclusion of the proceeding, Montana-Dakota will mail or provide electronically a notice informing the customers of the approved rates.

Please refer all inquiries regarding this filing to:

Travis R. Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501
travis.jacobson@mdu.com

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

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

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

A handwritten signature in black ink that reads "Garret Senger". The signature is written in a cursive style and is positioned above a solid horizontal line.

Garret Senger
Executive Vice President - Regulatory
Affairs, Customer Service &
Administration
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501

Enclosures