



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
701-222-7900

June 15, 2022

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

Re: Request to Revise Residential Electric
Dual Fuel Space Heating Service
Rate 53
Docket No. EL22-_____

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota) herewith electronically submits for South Dakota Public Utilities Commission (Commission) approval the Company's request to revise Residential Electric Dual Fuel Space Heating Service Rate 53 (Rate 53). As explained further below, the Company is proposing to revise the first three provisions under Rate 53's General Terms and Conditions. The provisions relate to the interruption of service under Rate 53. Montana-Dakota is requesting Commission approval of 1st Revised Sheet No. 24.1, as provided herein as Exhibit 1.

Under Rate 53, electric service is provided to residential customers who operate Company approved space heating equipment that provides the Company with the ability to interrupt their space heating service during the heating season between the hours of 5:00 p.m. through 9:00 p.m. Monday through Friday when the outside air temperature is below 0°F. Customers taking service under this rate may also have their electric water heating service controlled between the hours of 5:00 p.m. through 9:00 p.m. Monday through Friday.

The rate was first instituted over thirty years ago in order to provide customers an alternative to propane while at the same time providing the Company with an interruptible load. The rate was closed to new customers July 1, 2016 in the Company's last electric rate case, Docket No. EL15-024. At that time, consideration was given to moving the load served under Rate 53 to the standard residential rate, Residential Electric Service Rate 10. However, the 339 customers served under the rate at that time would have seen too significant of an increase to make that change. Thus, the Company proposed to close the rate to new customers and move the rates closer to the cost of service.

Today, Montana-Dakota provides electric service to 262 customers under Rate 53. The Kv2c electric meters installed on these services differ from the standard meters installed on all other residential customers' services in that the Kv2c meters include a control box that is programmed to automatically interrupt their space and water heating service per the terms of Rate 53. While the Kv2c meter is necessary for service under Rate 53 for its interruption capability, it is not compatible with the Company's automated meter reading system and therefore customers' reads cannot be obtained through the system. Instead, these meters are read manually each month by Company personnel. The Company estimates that, with travel time, this takes approximately thirty minutes, on average, per customer each month. This equates to approximately \$10,000 per month in meter reading costs.

The elimination of the interruption requirements under Rate 53 would allow Montana-Dakota to install a standard residential meter on these services at a cost of \$40 per meter compared to the Kv2c meter that is currently required at a cost of \$227 per meter. This change provides the Company with the ability to obtain these customers' monthly reads through the Company's meter reading system and the time currently spent reading meters each month can be better utilized on other projects or responsibilities in the area.

While Montana-Dakota does not have the ability to measure the demand savings achieved under Rate 53, the Company believes any savings resulting from service interruptions that may be occurring today are minimal. Additionally, any savings that are occurring today will continue to decline as new customers move into these premises and are now required to take service under the standard residential rate as Rate 53 is closed to new customers. Today, Rate 53 customers account for approximately 2.8 percent of all South Dakota customers, a decline from 2016 when they represented 3.5 percent of all South Dakota customers.

Therefore, in consideration of the expense incurred each month to obtain these meter reads manually, the minimal savings possibly being achieved through interruptions today, and the Company's intent to eliminate the rate in a future rate case, Montana-Dakota is requesting Commission approval to remove the terms under Rate 53's General Terms and Conditions as they relate to interruptions. The Company is proposing to remove:

- 1) During the heating season, interruption will occur when the outside air temperature is below 0°F, between the hours of 5:00 p.m. through 9:00 p.m., Monday through Friday,
- 2) Electric water heating equipment will experience interruptions between the hours of 5:00 p.m. through 9:00 p.m., Monday through Friday, and
- 3) The Company will not be liable for loss or damage caused by interruption of service.

Upon Commission approval of the Company's request, Montana-Dakota would inform each affected customer of the change and the need to replace their meter with a standard residential meter. Customers would also be informed their space and/or water heating service would no longer be subject to interruption going forward. Any additional changes to Rate 53 would be reviewed and proposed in the Company's next electric rate case.

Included herein is a second set of the affected tariff sheets on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment A in a conspicuous place in each business office in its affected electric territory in South Dakota. Included as Attachment B is the South Dakota "Report of Tariff Change" form required pursuant to ARSD 20:10:13:26.

Please refer all inquiries regarding this filing to:

Mr. Travis R. Jacobson
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

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

Ms. Allison Waldon
Attorney
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05. Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachments
cc: B. Koenecke
A. Waldon