



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 Electric Service in South Dakota
Docket No. EL23-____

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 electric 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 electric service rates do not allow Montana-Dakota to fully recover the cost of providing electric service to its South Dakota customers and that therefore, the current rates are unjust, unreasonable, and not compensatory.

Montana-Dakota is proposing to increase its electric rates due to an increase in the investments made since the last rate case, including the Heskett IV gas turbine, and increases in O&M expenses, depreciation, and property taxes.

Recovery of these increased costs will provide Montana-Dakota a reasonable opportunity to earn a fair rate of return for its South Dakota electric operations.

The Company proposes a total net increase of \$2,984,237 as shown on Statement O, page 1 based on an average test year for the twelve months ended December 31, 2022 adjusted for known and measurable changes. The proposed increase will affect approximately 8,500 electric customers in South Dakota. The proposed change in rates will affect customer classes by the following amounts and percentages:

Class	Amount	Percent Increase
Residential	\$1,542,241	17.6%
Small General Service	668,565	17.2%
Large General Service	559,404	15.1%
General Service Space Heating	161,153	29.6%
Municipal Lighting	15,388	11.1%
Municipal Pumping	27,068	16.2%
Lighting	10,419	32.0%
Overall	\$2,984,237	17.3%

For a typical non-space heating residential customer using approximately 900 kilowatt hours per month will see an average increase of approximately \$20 per month, and \$236 annually.

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 electric operations.

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

- Application and Notice
- Attestation of 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 Tariff Schedules
- Appendix B – Proposed Final Rate Tariff 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 8,500 electric 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, 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:

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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