

## Natural Gas Distribution Rate Increase Black Hills

On December 21, 2012, Montana Dakota Utilities, Co. (Montana-Dakota) filed an application for authority to increase rates for natural gas service to customers in its South Dakota Service Territory with the Public Utilities Commission (Commission). The Company proposed an increase of approximately \$1.5 million annually or 3.3 percent of total retail revenues, based on Montana-Dakota's test year ending June 30, 2012. In its application, Montana-Dakota also requested that the Black Hills and East River service areas be consolidated into one rate jurisdiction. The rate increase is driven primarily by the need to recover investments made in infrastructure and technology improvements.

On October 31, 2013 the Commission authorized an increase in revenues of \$898,778 or approximately 2 percent annually. As allowed by South Dakota Codified Law 49-34A-17, Montana-Dakota implemented Interim Rates effective July 22, 2013 as a percentage of bill based on the total revenues requested. The difference between the final rates and the interim rates will be refunded to customers with interest.

A typical residential customer in the Black Hills area using 75 dk on an annual basis will see an average increase of approximately \$2.00 per month.

Applicable rates for various classes of service are shown below. *Gas costs are subject to change December 1, 2013.*

	Current	Effective December 1, 2013
<b>Residential Gas Service – Rate 60</b>		
– Basic Service Charge	\$ 0.25 per day	\$ 0.28 per day
– Distribution Delivery Charge	\$ 1.571 per dk	\$ 1.744 per dk
– Cost of Gas (As of November 1, 2013)	\$ 4.922 per dk	\$4.906 per dk
<b>Firm General Gas Service – Rate 70</b>		
– Basic Service Charge		
Under 500 cubic ft per hour	\$ 0.35 per day	\$ 0.35 per day
Over 500 cubic ft per hour	\$ 0.70 per day	\$ 1.07 per day
– Distribution Delivery Charge	\$ 1.175 per dk	\$ 1.302 per dk
– Cost of Gas (As of November 1, 2013)	\$ 4.922 per dk	\$ 4.906 per dk

**Small Interruptible General Gas Service – Rate 71**

– Basic Service Charge	\$ 50.00 per month	\$ 150.00 per month
– Distribution Delivery Charge		
Maximum Rate	\$ 0.453 per dk	\$ 0.378 per dk
Minimum Rate	\$ 0.131 per dk	\$ 0.047 per dk
– Cost of Gas (As of November 1, 2013)	\$ 4.922 per dk	\$ 3.885 per dk

**Transportation Service – Rates 81 and 82**

– Small Interruptible Rate 81		
Basic Service Charge	\$ 125.00 per month	\$ 150.00 per month
Maximum Rate	\$ 0.453 per dk	\$ 0.378 per dk
Minimum Rate	\$ 0.131 per dk	\$ 0.047 per dk
– Large Interruptible Rate 82		
Basic Service Charge	\$ 225.00 per month	\$ 230.00 per month
Maximum Rate	\$ 0.187 per dk	\$ 0.198 per dk
Minimum Rate	\$ 0.090 per dk	\$ 0.036 per dk

**Large Interruptible General Gas Service – Rate 85**

– Basic Service Charge	\$ 175.00 per month	\$ 230.00 per month
– Distribution Delivery Charge		
Maximum Rate	\$ 0.187 per dk	\$ 0.198 per dk
Minimum Rate	\$ 0.090 per dk	\$ 0.036 per dk
– Cost of Gas (As of November 1, 2013)	\$ 4.053 per dk	\$ 4.049 per dk

Further information, applicable rates, rules and regulations are available at [www.montana-dakota.com](http://www.montana-dakota.com) or by calling 1-800-638-3278.

RESIDENTIAL RATE COMPARISON

DK	RATE		AMOUNT OF INCREASE	% INCREASE
	PRESENT RATE	EFFECTIVE DEC 1, 2013		
0	\$7.60	\$8.51	\$0.91	11.97%
10	72.53	75.01	2.48	3.42%
20	137.46	141.51	4.05	2.95%
30	202.39	208.01	5.62	2.78%
40	267.32	274.51	7.19	2.69%
50	332.25	341.01	8.76	2.64%
60	397.18	407.51	10.33	2.60%