

Docket Number: NG22-011
Subject Matter: First Data Request
Request to: Montana-Dakota Utilities Co. (Montana-Dakota or Company)
Request from: South Dakota Public Utilities Commission Staff
Date of Request: December 15, 2022
Responses Due: January 5, 2023

1-6. Has the Company completed any analysis of how much customers are willing to pay for natural gas service (including the Expansion Surcharge Rate 75) compared to other heating sources, including up-front costs and ongoing costs? If so, please provide.

Response:

Please see the analysis included in Response No. 1-2c Attachment A – Customer Cost Analysis for an annual cost comparison to propane and electricity. The analysis is reflective of heating costs from August 2022 and does not include any up-front costs. As shown in the annual cost comparison, natural gas service will generally result in cost savings when compared to other heating sources even when the surcharge is included in customers' bills. Since the Expansion Surcharge is anticipated to expire in ten years, customers will save even more money over the expected 20-year lifetime of a heating system.

A second customer cost analysis was performed and is included as Response No. 1-6 Attachment A reflecting the same scenarios as included in Response No. 1-2c Attachment A but including a three-year average cost of gas rate in the analysis. Under these scenarios, the cost savings increase and further demonstrates, that even if participation rates decrease, natural gas service is a better cost option for a customer's heating source.