

Natural Gas Distribution Rate Increase Effective September 1, 2024

On August 15, 2023, Montana-Dakota Utilities Co. (Montana-Dakota) filed an application with the South Dakota Public Utilities Commission (South Dakota PUC) for authority to increase its rates for natural gas service in South Dakota by \$7.4 million or 11.2 percent. Montana-Dakota’s last natural gas rate increase in South Dakota was in 2016. The Company has made significant investments in its natural gas infrastructure to ensure safe and reliable service to customers, as well as investments in technology to provide better service since that time causing the need for an increase in rates.

On August 13, 2024, the South Dakota PUC authorized an increase in revenues of \$5.4 million annually to be effective September 1, 2024. The actual impact to customers’ bills as a result of this rate increase will vary depending on the customer’s rate class and amount of natural gas used. A typical residential customer using 66.3 dk on an annual basis will see an average increase of approximately \$4.45 per month; however, on March 1, 2024, Montana-Dakota implemented interim rates whereby that typical residential customer’s bill increased by \$7.28 per month. Therefore, when final rates are implemented, that typical residential customer will experience a decrease of \$2.83 per month from the interim rates the customer is currently paying.

As allowed by South Dakota Codified Law 49-34A-17 and as previously mentioned herein and noticed in customers’ March 2024 bills, Montana-Dakota implemented interim rates effective March 1, 2024 as a percentage of bill based on the total revenues collected, excluding the Conservation Tracking Adjustment and Cost of Gas. As the final revenue increase authorized was less than the interim rate increase implemented March 1, 2024, Montana-Dakota will refund the difference with interest to customers no later than November 29, 2024. More information will be provided at the time the refund is applied to customers’ accounts.

The rates for various classes of service are shown below. The Cost of Gas is strictly a pass-through cost to the Company’s customers and is subject to change on a monthly basis as outlined in the Company’s Rate 88 tariff. The Cost of Gas shown in the rates below reflects the Cost of Gas effective September 1, 2024. A comparison of the residential rates at various consumption levels is also provided below.

Residential Natural Gas Service – Rate 60	<u>Current</u>	<u>Effective September 1, 2024</u>
Basic Service Charge	\$0.30 per day	\$0.32 per day
Distribution Delivery Charge	\$1.836 per dk	\$2.532 per dk
Conservation Tracking Adjustment	\$0.014 per dk	\$0.014 per dk
Cost of Gas (as of September 1, 2024)	\$x.xxx per dk	\$x.xxx per dk

Interim Adjustment37.763% 0.0%

Firm General Natural Gas Service – Rate 70

	<u>Current</u>	<u>Effective September 1, 2024</u>
Meter rated under 500 cubic feet per hour		
Basic Service Charge	\$0.55 per day	\$0.73 per day
Distribution Delivery Charge	\$0.930 per dk	\$1.148 per dk
Conservation Tracking Adjustment	\$0.014 per dk	\$0.014 per dk
Cost of Gas (as of September 1, 2024)	\$x.xxx per dk	\$x.xxx per dk
Interim Adjustment	37.763%	0.0%

Firm General Natural Gas Service – Rate 70

	<u>Current</u>	<u>Effective September 1, 2024</u>
Meter rated over 500 cubic feet per hour		
Basic Service Charge	\$1.68 per day	\$1.86 per day
Distribution Delivery Charge	\$1.147 per dk	\$1.749 per dk
Conservation Tracking Adjustment	\$0.014 per dk	\$0.014 per dk
Cost of Gas (as of September 1, 2024)	\$x.xxx per dk	\$x.xxx per dk
Interim Adjustment	37.763%	0.0%

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

	<u>Current</u>	<u>Effective September 1, 2024</u>
Basic Service Charge	\$180.00 per month	\$210.00 per month
Distribution Delivery Charge		
Maximum Rate	\$0.342 per dk	\$0.380 per dk
Minimum Rate	\$0.047 per dk	\$0.047 per dk
Cost of Gas (as of September 1, 2024)	\$x.xxx per dk	\$x.xxx per dk
Interim Adjustment	37.763%	0.0%

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

	<u>Current</u>	<u>Effective September 1, 2024</u>
Basic Service Charge	\$275.00 per month	\$370.00 per month
Distribution Delivery Charge		
Maximum Rate	\$0.191 per dk	\$0.297 per dk
Minimum Rate	\$0.036 per dk	\$0.036 per dk
Cost of Gas (as of September 1, 2024)	\$x.xxx per dk	\$x.xxx per dk
Interim Adjustment	37.763%	0.0%

Firm General Contracted Demand Service Rate 74:

New rate schedule applicable to non-residential customers with standby natural gas generators or for non-residential customers who otherwise qualify for interruptible service but have requested, and received, Company approval for firm gas service.

Other Rates Available:

Optional Seasonal General Gas Service Rate 72, and Transportation Service Rates 81 and 82.

Prorated Bill:

The first bill you receive may be prorated, depending on the date your meter was read. Bills are prorated to reflect the rates in effect at the time service was rendered, rather than when your bill is processed. This means that any natural gas used prior to September 1, 2024 will be billed at the old rate and any natural gas used on and after September 1, 2024 will be billed at the new rates.

Payment:

Bills will be considered past due if not paid by the due date shown on the bill. An amount equal to 1% per month will be applied to any unpaid balance existing at the immediate subsequent billing date.

Returned Check Charge:

A charge of \$40.00 will be collected by the Company for each check charged back to the Company by the customer's financial institution.

Seasonal Reconnection Charges:

A residential customer who requests the reconnection of service at the same location the customer discontinued the same service during the preceding 12-month period will be charged the Basic Service Charge applicable during the period service was not being used and a \$30.00 reconnection fee if reconnection occurs during normal business hours. Standard overtime rates will be applied for reconnecting service after normal business hours.

A non-residential customer who requests the reconnection of service at the same location the customer discontinued the same service during the preceding 12-month period will be charged the Basic Service Charge applicable during the period service was not being used and a \$30.00 reconnection fee if reconnection occurs during normal business hours. However, the reconnection fee applicable to seasonal businesses, such as swimming facilities and asphalt processing, may receive credit for the Distribution Delivery Charge revenue collected while a customer was in service.

In accordance with the Administrative Rules of the South Dakota Public Utilities Commission 20:10:16:01, a bill comparison follows showing the bill impact at various levels of monthly consumption for customers served under Montana-Dakota's standard residential rate, Residential Gas Service Rate 60. The rates included in the table below do not include the interim rate as the intent is to show the impact to residential customers prior to and resulting from the Company's request to increase rates in South Dakota.

Monthly Residential Customer Rate Comparison					
Monthly Use	Present Rate	Rates Effective September 1, 2024	Amount of Increase	% Increase	
0	\$9.12	\$9.73	\$0.61	6.67%	
2	25.62	27.62	2.00	7.81%	
4	42.11	45.50	3.39	8.05%	
6	58.61	63.39	4.78	8.16%	
8	75.10	81.28	6.18	8.22%	
10	91.60	99.17	7.57	8.26%	

Further information, applicable rates, rules and regulations are available at www.montana-dakota.com or by calling 1-800-638-3278.