



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

February 13, 2014

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505

Re: Natural Gas Rate Increase Application
Case No. PU-13-803

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc. herewith submits the original and seven (7) copies of its Late-Filed Exhibits MDU-5 and MDU-6.

Please acknowledge receipt by stamping or initiating the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

A handwritten signature in black ink that reads "Tamie A. Aberle".

Tamie A. Aberle
Director – Regulatory Affairs

cc: Affidavit of Service by Electronic Mail

AFFIDAVIT OF SERVICE BY ELECTRONIC MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Caitlin Straabe deposes and says that:

she is over the age of 18 years and on the 13st day of **February, 2014**, she electronically mailed to **4** recipients, electronic copies of:

Late Filed Exhibits MDU-5 and MDU-6

The electronic mails were addressed as follows:

rmnorrell@nd.gov
Ryan M. Norrell
North Dakota Public Service Commission

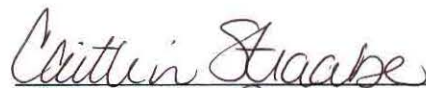
dnitschk@nd.gov
Darrell Nitschke
North Dakota Public Service Commission

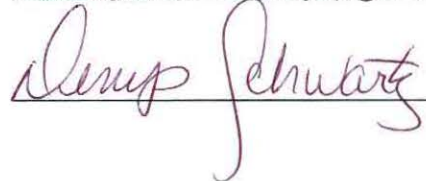
ijs@nd.gov
Ilona Jeffcoat-Sacco
North Dakota Public Service Commission

JAskvig@aarp.org
Josh Askvig
AARP North Dakota

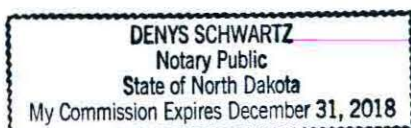
Each email address is the respective addressee's last reasonably ascertainable electronic mailing address.

Subscribed and sworn to before me
This 13th day of **February, 2014**.





SEAL



**Montana-Dakota Utilities Co.
Case No. PU-13-803
Late Filed Exhibit – MDU Exhibit No. 5**

Provide the percentage of natural gas service customers Montana-Dakota serves in Bismarck/Mandan as compared to the total customers Montana-Dakota serves in North Dakota.

Response:

Bismarck/Mandan Customers	35,578
Total North Dakota Customers	101,648
Percent in Bismarck/Mandan	35 percent

**Montana-Dakota Utilities Co.
Case No. PU-13-803
Late Filed Exhibit – MDU Exhibit No. 6**

Provide the support for the customer allocation of distribution mains utilized in the Company's embedded class cost of service study.

Response:

Montana-Dakota's allocation of twenty-five percent of the distribution mains investment and associated expenses to the customer component was based on a mains study completed in 2004 and a review of the cost per foot for minimum size pipe conducted in 2013. The summary of the 2004 study provided as Attachment A indicated a customer component of approximately 30 percent based on the zero intercept calculation to determine the minimum pipe investment associated with providing service to a customer. In 2013, a review of the average installed cost of 2" main which represents the minimum size installed today indicated an installed cost of approximately \$6.25 per foot based on installations completed in 2010 through 2012. Applying this average cost per foot to the total footage of installed main resulted in a customer component of approximately 50 percent. Montana-Dakota chose to take a conservative approach in the class cost of service study and allocated 25 percent of the distribution mains investment on the customer factor.

MONTANA-DAKOTA UTILITIES CO.
GAS MAIN ANALYSIS
DECEMBER 31, 2003

STEEL MAIN	MILES OF MAIN	FOOTAGE	AVERAGE COST/FOOT	ESTIMATED TOTAL VALUE	VALUE %	PLANT INVESTMENT 1/	COST/FOOT
0.50	0.185	977	1.76	\$1,719.17	0.000008	\$672.64	\$0.75003
0.75	16.805	88,730	2.26	200,530.70	0.000917	78,459.85	1.31833
1.00	30.192	159,414	4.21	671,131.93	0.003070	262,587.78	1.34562
1.25	354.157	1,869,949	4.59	8,583,065.73	0.039256	3,358,219.28	1.98742
1.50	4.596	24,267	2.72	66,005.91	0.000302	25,825.54	1.58300
2.00	879.467	4,643,586	6.32	29,347,462.00	0.134224	11,482,518.69	2.44735
2.50	3.258	17,202	3.26	56,079.30	0.000256	21,941.65	1.89644
3.00	231.538	1,222,521	13.78	16,846,334.42	0.077049	6,591,314.43	3.80175
4.00	451.096	2,381,787	15.96	38,013,318.60	0.173858	14,873,130.82	6.10255
5.00	5.245	27,694	9.1	252,011.76	0.001153	98,602.38	5.29606
6.00	147.459	778,584	22.03	17,152,194.95	0.078448	6,710,985.74	10.03203
7.00	0.844	4,456	14.79	65,908.97	0.000301	25,787.61	8.60605
8.00	106.198	560,725	22.25	12,476,141.04	0.057061	4,881,428.00	10.32361
10.00	28.527	150,623	63.53	9,569,051.24	0.043765	3,743,997.00	9.34082
12.00	29.406	155,264	12.18	\$1,891,111.62	0.008649	\$739,918.31	\$7.04361
Total Steel Main	<u>2,288.973</u>	<u>12,085,779</u>		<u>135,192,067.35</u>	<u>0.62</u>	<u>\$52,895,389.72</u>	
PLASTIC MAIN							
0.50	0.223	1,177	2.02	2,378.43	0.000011	\$930.59	0.79035
0.75	33.573	177,265	2.24	397,074.59	0.001816	155,359.82	0.87642
1.00	12.358	65,250	4.72	307,981.13	0.001409	120,501.02	1.84675
1.25	515.689	2,722,838	4.86	13,232,992.29	0.060523	5,177,554.41	1.90153
2.00	1399.176	7,387,649	5.57	41,149,206.49	0.188201	16,100,081.59	2.17932
3.00	80.324	424,111	8.99	3,812,755.37	0.017438	1,491,782.66	3.51744
4.00	302.523	1,597,321	12.08	19,295,643.00	0.088251	7,549,633.47	4.72643
6.00	27.45	144,936	35.24	5,107,544.64	0.023360	1,998,383.26	13.78804
8.00	0.935	4,937	29.91	147,659.69	0.000675	57,773.48	11.70262
Total Plastic Main	<u>2,372.251</u>	<u>12,525,484</u>		<u>\$83,453,235.63</u>	<u>0.38</u>	<u>\$32,652,000.30</u>	
TOTAL	<u>4,661.224</u>	<u>24,611,264</u>		<u>\$218,645,302.98</u>	<u>1.00</u>	<u>\$85,547,390.02</u>	

1/ Account 376 Balance @ 12/31/03.

\$ 85,547,390.02

Booked Investment - account 376

Intercept:

Steel Main 1.205404512
Plastic Main -0.4871965

Plastic:

Minimum Size \$0.84882
Total Feet 12,525,484
Customer Component \$10,631,838

Steel:

Zero Intercept \$1.20540
Feet 12,085,779
Customer Component \$14,568,199

Total Customer Component \$25,200,037
Distribution Mains @ 12/02 \$85,547,390
Customer Component **29.457%**