



A Division of MDU Resources Group, Inc.

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

January 11, 2016

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

Re: Natural Gas Rate Increase
Interim Refund
Case No. PU-15-90

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of its final accounting for the refunding of the difference between the final overall increase in distribution revenues of \$2,564,997 or 1.96 percent effective with service rendered on and after December 1, 2015 as authorized in Case No. PU-15-90 and the interim increase authorized of \$4,303,978 or 3.4 percent implemented April 7, 2015. The refund will begin on February 1, 2016.

On February 6, 2015, Montana-Dakota filed an Application with the North Dakota Public Service Commission (Commission) to increase its natural gas rates. The Company concurrently submitted an Application for an interim increase in natural gas rates to be effective 60 days from the date of filing. On March 11, 2015, the Commission issued an Order approving the Company's interim request in the amount of \$4.3 million. On April 7, 2015 the Company implemented an interim increase applied as an equal percentage to the Basic Service Charge and Distribution Delivery Charge applicable under all rate schedules.

On November 4, 2015, the Commission approved a Settlement Agreement entered into between Montana-Dakota and the Advocacy Staff of the Commission authorizing a final increase in Montana-Dakota's natural gas rates of \$2,564,997 or 1.96 percent on an annual basis. In compliance with the Commission's Order and the terms of the Settlement Agreement approved, Montana-Dakota must refund 40.404 percent of the revenues collected on an interim basis.

As shown on Attachment A page 1, Montana-Dakota collected \$2,412,517 on an interim basis through December 31, 2015 (new rates were implemented with service rendered on and after December 1, 2015). In applying the interim refund percentage of 40.404

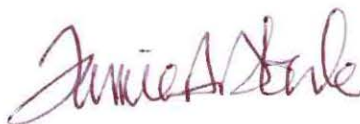
percent, as outlined in the terms of the Settlement Agreement, to the interim collected, a refund requirement of \$974,753 is calculated before the application of interest. In applying the interest rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board to the average monthly refund balance, the final refund factor is 40.415 percent or \$975,019 to be refunded to customers in February 2016. The bill credit will be calculated based on the actual interim dollars collected from each customer and the application of the 40.415 percent refund factor. Attachment B shows the estimated refund per residential customer is \$6.89.

In compliance with the terms of the Settlement Agreement approved by the Commission on November 4, 2015, credits will be applied to customer accounts for active customers and checks will be issued if a customer account is inactive and the refund is \$5.00 or greater. Any un-refunded balance associated with customers no longer active with a refund of less than \$5.00, and the difference due to rounding, will be credited to the Company's Unrecovered Purchased Gas Cost Account.

Upon completion of the application of the refund to customer accounts, the Company will submit a compliance filing summarizing the breakdown of the refund by rate class and the amount applied to Unrecovered Purchased Gas Cost Account.

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

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Service List

**Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Interim Refund Factor
Case No. PU-15-90**

Calculation of Interim Refund Factor:

Interim Rate Increase	\$4,303,976
Authorized Rate Increase	<u>2,564,997</u>
Interim Amount to be Refunded	1,738,979
% Refundable	40.404%
Total Interim Collected	2,412,517
Interim to be Refunded (excluding interest)	974,753
Interest on Interim Balance	<u>266</u>
Total Amount to be Refunded	<u><u>\$975,019</u></u>
Interim Refund Factor	40.415%

**Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Calculation of Interest on Interim Collected
Case No. PU-15-90**

	Beginning Interim Refund Balance	Current Month Interim Collected	Interim to be Refunded 1/	Interest on Interim Refund Balance 2/	Ending Interim Refund Balance
April 2015 3/	\$0	\$60,438	\$24,419	\$0	\$24,419
May	24,419	279,659	112,993	0	137,412
June	137,412	318,374	128,636	1	266,049
July	266,049	298,250	120,505	5	386,559
August	386,559	275,675	111,384	19	497,962
September	497,962	281,963	113,924	7	611,893
October	611,893	300,035	121,226	9	733,128
November	733,128	305,855	123,578	73	856,779
December	856,779	292,268	118,088	152	975,019
		<u>\$2,412,517</u>	<u>\$974,753</u>	<u>\$266</u>	

1/ Interim collected x Refund Factor of 40.404%.

2/ Three month Treasury Bill rate applied to the average monthly refund balance.

3/ Interim rate effective with service rendered on and after April 7, 2015.

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Total Interim Collected
April 7, 2015 through December 31, 2015
Case No. PU-15-90

	<u>Actual Interim Collected 1/</u>	<u>% to Refund</u>	<u>Estimated Refund</u>	<u>Estimated Refund/Customer</u>
Residential				
Rate 600	\$1,571,518	40.415%	\$635,129	
Rate 900	4,629	40.415%	1,871	
Total Residential	<u>1,576,147</u>		<u>637,000</u>	<u>\$6.89</u>
Firm General				
Rate 700/701/703	716,910	40.415%	289,739	
Rate 720/721	1,937	40.415%	783	
Rate 920/921	2,861	40.415%	1,156	
Total Firm General	<u>721,708</u>		<u>291,678</u>	<u>19.64</u>
Air Force				
Rate 641	6,343	40.415%	2,564	
Rate 645	1,144	40.415%	462	
Rate 648	7	40.415%	3	
Total Air Force	<u>7,494</u>		<u>3,029</u>	<u>1,009.67</u>
Small IT				
Rate 710/712	49,163	40.415%	19,869	149.39
Rate 81	47,118	40.415%	19,043	260.86
Total Small IT	<u>96,281</u>		<u>38,912</u>	
Large IT				
Rate 85	943	40.415%	381	381.00
Rate 82	9,944	40.415%	4,019	669.83
Total Large IT	<u>10,887</u>		<u>4,400</u>	
Total ND	<u><u>\$2,412,517</u></u>		<u><u>\$975,019</u></u>	<u>\$9.07</u>

1/ Actual interim revenue collected April 7, 2015 through December 1, 2015.