

March 4, 2016

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

Re: Natural Gas Rate Increase
Interim Refund Compliance Filing
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 Interim Rate Refund Compliance Filing in the above referenced case.

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 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 applicable to all rate schedules.

On November 4, 2015, the Commission approved a Settlement Agreement entered into between Montana-Dakota and the Advocacy Staff authorizing a final increase in natural gas rates of \$2,564,997. 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.

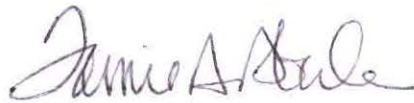
Montana-Dakota reports that the total interim revenues collected during the timeframe April 7, 2015 through November 30, 2015 is \$2,413,347 equating to a total refund of \$975,554, including interest at the three-month Treasury Bill rate as published monthly by the Federal Reserve Board to the average monthly refund balance. A final refund factor was calculated at 40.423 percent as shown in Attachment A.

On February 23, 2016, a total of \$964,498 was credited to active customer accounts and checks issued if the account was inactive and the refund was greater than \$5.00 in accordance with the Commission's Order issued November 4, 2015. The remaining balance of \$11,056 is the amount associated with inactive customer accounts where the refund was less than \$5.00 and the difference due to rounding. This un-refunded

balance will be credited to the Unrecovered Purchased Gas Cost Account. A breakdown of the refund by rate class is shown in Attachment B.

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	2,413,347
Interim to be Refunded (excluding interest)	975,089
Interest on Interim Balance	<u>465</u>
Total Amount to be Refunded	<u><u>\$975,554</u></u>
Interim Refund Factor	40.423%

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	279,925	113,101	0	137,520
June	137,520	318,512	128,692	1	266,213
July	266,213	298,374	120,555	5	386,773
August	386,773	275,750	111,414	19	498,206
September	498,206	282,006	113,942	7	612,155
October	612,155	300,079	121,244	9	733,408
November	733,408	305,916	123,602	73	857,083
December	857,083	292,347	118,120	152	975,355
January	975,355	0	0	199	975,554
		<u>\$2,413,347</u>	<u>\$975,089</u>	<u>\$465</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
Summary of Refund Applied February 23, 2016
Case No. PU15-90

	Total Amount to be Refunded	Refund via		Total Amount Refunded	Amount to be Refunded through PGA Deferred	Customers
		Bill Credit	Check			
Residential						
Residential Rate 60	\$635,262	\$613,040	\$11,617	\$624,657	\$10,604	107,415
Residential Rate 90	1,871	1,794	40	1,834	38	314
Firm General						
Firm General Rate 70	289,796	285,098	4,466	289,564	409	15,751
Optional FG Rate 72	783	660	123	783		17
Firm General Rate 92	1,157	1,155		1,155	2	78
Air Force Rate 64	3,309	3,309		3,309		6
Small Interruptible						
Sales Rate 71	19,929	19,890	37	19,927	3	229
Transport Rate 81	19,046	19,046		19,046		76
Total Small IT	<u>38,975</u>	<u>38,936</u>	<u>37</u>	<u>38,973</u>	<u>3</u>	<u>305</u>
Large Interruptible						
Sales Rate 85	381	381		381		1
Transport Rate 82	4,020	2,718	1,124	3,842		3
Total Large IT	<u>4,401</u>	<u>3,099</u>	<u>1,124</u>	<u>4,223</u>		<u>4</u>
Total North Dakota	<u><u>\$975,554</u></u>	<u><u>\$947,091</u></u>	<u><u>\$17,407</u></u>	<u><u>\$964,498</u></u>	<u><u>\$11,056</u></u>	<u><u>123,890</u></u>