



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

October 14, 2016

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Application and Notice of Change
in General Electric Rates
Case No. PU-16-_____

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits its Application and Notice to increase its rates for electric service in North Dakota. Montana-Dakota submits this Letter of Transmittal and its Application and Notice with Appendices A and B, Testimony and Exhibits and Statements supporting an increase in Montana-Dakota's rates for electric service. This filing is made in accordance with Title 49 of the North Dakota Century Code and the rules and regulations promulgated by the North Dakota Public Service Commission.

The primary reason for the need for an increase in electric rates is the increased investment in production, transmission and distribution facilities and the associated depreciation, operation and maintenance expenses and taxes associated with the increased investment.

Recovery of these increased costs will provide Montana-Dakota a reasonable opportunity to earn a fair rate of return for its North Dakota electric operations.

Montana-Dakota proposes a total annual increase of \$13,381,639 or 6.6 percent, based on a 2017 future test year net of changes proposed to the rate riders

currently being charged to customers. The proposed change in rates will affect customer classes as follows:

| Customer Class | Revenue Increase | |
|------------------------------------|-------------------------|-------------|
| | \$ | % |
| Residential Service | \$7,444,431 | 9.4% |
| Small General Service | 1,464,300 | 10.9% |
| Large General Service | 4,149,484 | 4.0% |
| Municipal Lighting | 18,755 | 1.1% |
| Municipal Pumping | 292,183 | 9.7% |
| Outdoor Lighting | 12,486 | 1.6% |
| Total North Dakota Electric | \$13,381,639 | 6.6% |

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
 Director of Regulatory Affairs
 Montana-Dakota Utilities Co.
 400 North Fourth Street
 Bismarck, ND 58501
Tamie.Aberle@mdu.com

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Karl Liepitz
Senior Attorney
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Karl.Liepitz@mduresources.com

Mr. Paul Sanderson
Evenson Sanderson PC
103 South 3rd Street
Suite 5
Bismarck, ND 58501
psanderson@esattorneys.com

The original and seven (7) copies of this Letter of Transmittal, Application and Notice, Appendices, Testimony and Exhibits, and Statements are hereby filed with the North Dakota Public Service Commission.

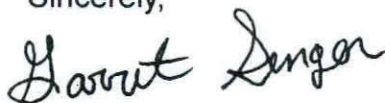
Montana-Dakota also herewith submits a check for \$175,000.00 pursuant to the requirements of Section 49-05-04 of the North Dakota Century Code.

Montana-Dakota is concurrently submitting an Application and Notice for Interim Increase in Electric Rates in the annual amount of \$13,027,771 to be effective 60 days from filing if the Commission suspends the rate increase sought by Montana-Dakota through its Application and Notice.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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,



Garret Senger
Executive Vice President - Regulatory
Affairs, Customer Service, and Gas
Supply

Attachments

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc.,)
for Authority to Establish Increased Rates)
for Electric Service)

Case No. PU-16-____

* * * * *

APPLICATION AND NOTICE

COMES NOW, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., and respectfully submits the following Application and Notice, tariffs and information in support thereof.

I.

That Montana-Dakota, a Division of MDU Resources Group, Inc., is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation. Montana-Dakota is doing business in the State of North Dakota as a public utility.

II.

The Company's Certificate of Incorporation and amendments thereto have previously been filed with the North Dakota Public Service Commission. Such Certificate and Amendments are hereby incorporated by reference.

III.

That Applicant's full name and post office address are:

Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.
400 North Fourth Street
Bismarck, North Dakota 58501

IV.

That the following described rate schedules presently on file with and approved by the Commission are attached hereto as Appendix A.

| <u>Volume No. 4</u> | <u>Description</u> |
|--|---|
| 4 th Revised Sheet No. 1; 5 th Revised Sheet No. 1.1 | Table of Contents |
| 1 st Revised Sheet No. 2; 2 nd Revised Sheet No. 2.1 | Communities Served |
| 6 th Revised Sheet No. 3 Original Sheet No. 4; 4 th Revised Sheet No. 4.1 | Residential Electric Service Rate 10 Optional Residential Electric Thermal Energy Storage Service Rate 13 |
| 8 th Revised Sheet No. 7; 2 nd Revised Sheet No. 7.1 | Optional Time-of-Day Residential Electric Service Rate 16 |
| 6 th Revised Sheet No. 10; 1 st Revised Sheet No. 10.1 | Small General Electric Service Rate 20 |
| 2 nd Revised Sheet No. 14; 5 th Revised Sheet No. 14.1 | Irrigation Power Service Rate 25 |
| 8 th Revised Sheet No. 15; 2 nd Revised Sheet No. 15.1 | Optional Time-of-Day Small General Electric Service Rate 26 |
| 2 nd Revised Sheet No. 18; 5 th Revised Sheet No. 18.1 | General Electric Service Rate 30 |
| 4 th Revised Sheet No. 19; 8 th Revised Sheet No. 19.1; 2 nd Revised Sheet No. 19.2 | Optional Time-of-Day General Electric Service Rate 31 |
| 3 rd Revised Sheet No. 20; 7 th Revised Sheet No. 20.1; Original Sheet No. 20.2 | General Electric Space Heating Service Rate 32 |

| | |
|---|--|
| 1 st Revised Sheet No. 22; 5 th Revised Sheet No. 22.1; 2 nd Revised Sheet No. 22.2 | Firm Service Economic Development Rate 34 |
| 2 nd Revised Sheet No. 23; 5 th Revised Sheet No. 23.1; 3 rd Revised Sheet No. 23.2; 1 st Revised Sheet No. 23.3 | Interruptible Large Power Demand Response Rate 38 |
| 2 nd Revised Sheet No. 25; 6 th Revised Sheet No. 25.1; 3 rd Revised Sheet No. 25.2 | Small Municipal Electric Service Rate 40 (Closed) |
| 5 th Revised Sheet No. 26; 2 nd Revised Sheet No. 26.1 | Municipal Lighting Service Rate 41 |
| 2 nd Revised Sheet No. 32; 6 th Revised Sheet No. 32.1; Original Sheet No. 32.2 | Municipal Pumping Service Rate 48 |
| 6 th Revised Sheet No. 36; 1 st Revised Sheet No. 36.1 | Outdoor Lighting Service Rate 52 |
| Original Sheet No. 39–39.1 | Renewable Resource Cost Adjustment Rate 55 |
| 1 st Revised Sheet No. 40 2 nd Revised Sheet No. 40.1 | Generation Resource Recovery Rider Rate 56 |
| 3 rd Revised Sheet No. 41 4 th Revised Sheet No. 41.1 | Environmental Cost Recovery Rider Rate 57 |
| 5 th Revised Sheet No. 42; 4 th Revised Sheet No. 42.1; 5 th Revised Sheet No. 42.2 | Fuel and Purchased Power Adjustment Rate 58 |
| Original Sheet No. 43; 4 th Revised Sheet No. 43.1 | Transmission Cost Adjustment Rate 59 |
| 15 th Revised Sheet No. 44; 13 th Revised Sheet No. 44.1 | Occasional Power Purchase Rate 95 Non-Time Differentiated |
| 15 th Revised Sheet No. 45-45.1; 10 th Revised Sheet No. 45.2 | Parallel Generation Peaking Facility Purchase Rate 96 Time Differentiated |
| 1 st Revised Sheet Nos. 49-49.1; Original Sheet Nos. 49.2-49.7; 1 st Revised Sheet No. 49.8 | General Provisions Rate 100 |
| 1 st Revised Sheet Nos. 58-58.19 2 nd Revised Sheet No. 58.20 1 st Revised Sheet Nos. 58.21-58.30 | Electric Service Rules and Regulations Rate 110 |
| Original Sheet Nos. 60-60.2 | Electric Extension Policy Rate 112 |
| Original Sheet Nos. 68-68.2 | Selective Testing Plan for Watthour Meters Rate 131 |

V.

Montana-Dakota respectfully hereby files the following described proposed rate schedules for electric service, copies attached hereto as Appendix B, which substitute for the rate schedules as noted below. The following described proposed rate schedules are proposed to be effective on a final basis in this Docket:

NDPSC Volume 4

| <u>Proposed Tariff</u> | <u>Canceling Current or Interim Tariff</u> |
|--|--|
| 8 th Revised Sheet No. 3 | 7 th Revised Sheet No. 3 |
| 2 nd Revised Sheet No. 4 | 1 st Revised Sheet No. 4 |
| 10 th Revised Sheet No. 7 | 9 th Revised Sheet No. 7 |
| 8 th Revised Sheet No. 10 | 7 th Revised Sheet No. 10 |
| 4 th Revised Sheet No. 14 | 3 rd Revised Sheet No. 14 |
| 10 th Revised Sheet No. 15 | 9 th Revised Sheet No. 15 |
| 4 th Revised Sheet No. 18 | 3 rd Revised Sheet No. 18 |
| 6 th Revised Sheet No. 19 | 5 th Revised Sheet No. 19 |
| 10 th Revised Sheet No. 19.1 | 9 th Revised Sheet No. 19.1 |
| 4 th Revised Sheet No. 19.2 | 3 rd Revised Sheet No. 19.2 |
| 5 th Revised Sheet No. 20 | 4 th Revised Sheet No. 20 |
| 9 th Revised Sheet No. 20.1 | 8 th Revised Sheet No. 20.1 |
| 3 rd Revised Sheet No. 22 | 2 nd Revised Sheet No. 22 |
| 4 th Revised Sheet No. 23 | 3 rd Revised Sheet No. 23 |
| 4 th Revised Sheet No. 25 | 3 rd Revised Sheet No. 25 |
| 7 th Revised Sheet No. 26 | 6 th Revised Sheet No. 26 |
| 4 th Revised Sheet No. 32 | 3 rd Revised Sheet No. 32 |
| 8 th Revised Sheet No. 32.1 | 7 th Revised Sheet No. 32.1 |
| 8 th Revised Sheet No. 36 | 7 th Revised Sheet No. 36 |
| 1 st Revised Sheet Nos. 39-39.1 | Original Sheet Nos. 39-39.1 |
| 2 nd Revised Sheet No. 40 | 1 st Revised Sheet No. 40 |
| 3 rd Revised Sheet No. 40.1 | 2 nd Revised Sheet No. 40.1 |
| 4 th Revised Sheet No. 41 | 3 rd Revised Sheet No. 41 |
| 5 th Revised Sheet No. 41.1 | 4 th Revised Sheet No. 41.1 |

| <u>Proposed Tariff</u> | <u>Canceling Current or Interim Tariff</u> |
|--|--|
| 6 th Revised Sheet No. 42 | 5 th Revised Sheet No. 42 |
| 5 th Revised Sheet No. 42.1 | 4 th Revised Sheet No. 42.1 |
| 55 th Revised Sheet No. 42.2 | 54 th Revised Sheet No. 42.2 |
| 5 th Revised Sheet No. 43.1 | 4 th Revised Sheet No. 43.1 |
| 2 nd Revised Sheet No. 49 | 1 st Revised Sheet No. 49 |
| 1 st Revised Sheet Nos. 49.4-49.7 | Original Sheet Nos. 49.4-49.7 |
| 2 nd Revised Sheet No. 49.8 | 1 st Revised Sheet No. 49.8 |
| 2 nd Revised Sheet Nos. 58.2-58.4 | 1 st Revised Sheet Nos. 58.2-58.4 |
| 2 nd Revised Sheet No. 58.7 | 1 st Revised Sheet No. 58.7 |
| 3 rd Revised Sheet No. 58.20 | 2 nd Revised Sheet No. 58.20 |
| 2 nd Revised Sheet Nos. 58.21-58.30 | 1 st Revised Sheet Nos. 58.21-58.30 |
| Original Sheet No. 58.31 | ----- |

VI.

That the existing rates of Montana-Dakota are unjust, unreasonable and not compensatory. The new rates will allow Montana-Dakota an opportunity to fully recover its costs of providing electric service and to earn a just and reasonable rate of return on its electric property devoted to providing service to its North Dakota electric customers.

VII.

The new rates contained herein will provide additional annual revenues before income taxes of \$13,381,639 based on a 2017 future test year, for electric service rendered to customers in the State of North Dakota.

VIII.

Filed concurrently with this Application and Notice and its Appendices are supporting Statements and Direct Testimony and Exhibits of Montana-Dakota's

witnesses showing the existing rates are unjust, unreasonable, and not compensatory, and that the new rates are just, reasonable and compensatory.

IX.

Montana-Dakota is submitting an Application and Notice for Interim Increase in Electric Rates in the annual amount of \$13,027,771 to be effective 60 days from filing if the Commission suspends the rate increase sought by Montana-Dakota through this Application and Notice.

X.

This Application and Notice is submitted in accordance with the provisions of Section 49-05-04 of the North Dakota Century Code and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota and the filing guideline of the Public Service Commission.

XI.

That, in accordance with Section 49-05-04.1 of the North Dakota Century Code, Montana-Dakota hereby affirms that its future test year forecast is reasonable, reliable, and made in good faith. All basic assumptions used in making or supporting the forecast are reasonable, evaluated, identified, and justified to allow the Commission to test the appropriateness of the forecast. The accounting treatment that has been applied to anticipated events and transactions in the forecast is the same as the accounting treatment to be applied in recording the events once they have occurred.

Dated this 14th day of October, 2016.

MONTANA-DAKOTA UTILITIES CO.,
a Division of MDU Resources Group, Inc.

By: Garret Senger
Garret Senger
Executive Vice President - Regulatory
Affairs, Customer Service, and Gas Supply

