

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
2016 Electric Rate Increase
Application**

Case No. PU-16-666

ORDER ON INTERIM RATES

November 30, 2016

On October 14, 2016, Montana-Dakota Utilities Co., a Division of MDU Resources (Montana-Dakota) filed to increase its rates for electric service to provide additional annual revenues of \$13,381,639 or a 6.6 percent increase over current rates based on a 2017 test year. MDU provides electric service to approximately 100,687 customers in 117 communities in North Dakota.

Montana-Dakota is proposing an average increase to residential electric customers of approximately 9.4%. This would result in an average monthly increase to a residential electric customer using 980 kilowatt-hours (kWh) per month, on average, of \$9.58 per month or approximately \$115 per year.

On November 2, 2016, the Commission, by motion, suspended the rates.

Under North Dakota Century Code section 49-05-06(2), a company filing for a rate increase is entitled to an interim rate increase. Montana-Dakota filed an interim rate request of \$13,027,771, or 6.5 percent.

The interim rate increase must meet certain criteria including use of the same rate of return on common equity authorized by the Commission in the public utility's most recent rate proceeding, rate base and expense items the same in nature and kind allowed by the Commission in its most recent rate proceeding, and, no change in the existing rate design.

On November 21, 2016, Montana-Dakota filed a revised interim request as a result of Commission Advocacy Staff's review concluding the interim rate request was not the same in nature and kind as allowed by the Commission in the Montana-Dakota's 2010 Electric Rate Case (PU-10-124).

On November 22, 2016, Advocacy Staff filed comments stating that Montana-Dakota's revised interim increase does comply with the laws regarding interim rate increases. The revised interim rate request is \$11,695,592, or 5.8 percent. The revised interim increase to a residential electric customer using 980 kWh per month, on average, is approximately \$6.09 or \$73 per year.

Montana-Dakota's proposed interim rates do not change the existing rate design. The increase would be 10.32 percent applied only to the Basic Service Charge, Energy Charge and the Demand Charge portions of a customer's bill. The interim increase amount will be shown as a separate line item on a customer's bill.

The Commission finds that Montana-Dakota's revised interim increase request complies with the North Dakota laws regarding interim rate increases.

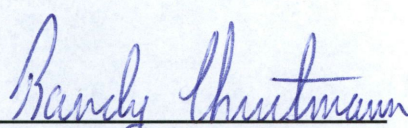
In the event the interim rate amounts collected by Montana-Dakota are in excess of final rates approved by the Commission, Montana-Dakota is required to refund the excess under North Dakota Century Code section 49-05-06(4), including interest at a rate to be determined by the Commission.

Order

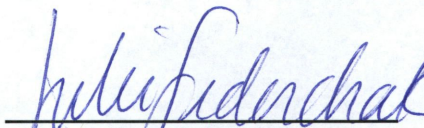
The Commission orders:

1. Montana-Dakota Utilities Co.'s interim rates to increase annual revenue collections by \$11,695,592 shall be effective for service rendered on or after December 13, 2016.
2. In the event the interim rate amounts collected by Montana-Dakota are in excess of final rates approved by the Commission, Montana-Dakota Utility Co. shall, refund the excess, including interest at a rate to be determined by the Commission
3. Montana-Dakota Utilities Co. is not required to obtain a bond under North Dakota Century Code section 49-05-06(3) to secure a refund required under North Dakota Century Code section 49-05-06(4).

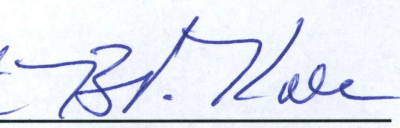
PUBLIC SERVICE COMMISSION



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Commissioner



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