

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

July 14, 2017

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

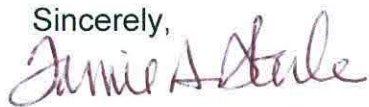
Re: Case No. PU-16-666  
Electric Rate Increase  
Interim Rate Refund Plan

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven copies of the Company's proposed Interim Rate Refund Plan, included as Attachment A, in compliance with the Commission's Order issued on June 16, 2017 in Case No. PU-16-666.

On December 13, 2016, Montana-Dakota implemented an interim rate of 10.32 percent, applicable to all North Dakota electric customers, providing for an increase in revenues of \$9,715,082 (net of reagents and sand authorized to be recovered through the Fuel and Purchased Power Adjustment). On June 16, 2017, the North Dakota Public Service Commission authorized a final overall increase in revenues of \$7,500,000 with the difference to be refunded to customers within 90 days of the Commission's approval of a refund plan. Attachment B outlines the calculation of the estimated interim refund factor, based on the actual dollars collected through June 30, 2017, and the proposed application of the refund to customers to be completed within 90 days from the Commission's approval of the Company's proposed plan.

Please contact me at 701.222.7856 if you have any questions regarding the compliance filing.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto.

Sincerely,  
  
Tamie A. Aberle  
Director of Regulatory Affairs

cc: Service List

CERTIFICATE OF SERVICE

Montana-Dakota Utilities Co., a )  
Division of MDU Resources Group, ) Case No. PU-16-666  
Inc. Electric Rate Increase )  
Application )

Caitlin Straabe certifies that on the 14<sup>th</sup> day of July, 2017 she filed an original and seven copies of Montana-Dakota Utilities Co.'s Interim Rate Refund Plan with the North Dakota Public Service Commission and served an electronic copy to the following individuals:

Karl Liepitz  
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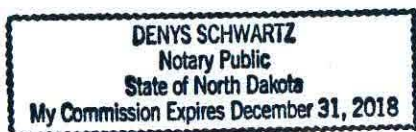
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Caitlin Straabe

Subscribed and sworn to before me this 14<sup>th</sup> day of July, 2017.



*Denys Schwartz*

Denys Swartz, Notary Public  
Burleigh County, North Dakota  
My Commission Expires: 12/31/2018

**Montana-Dakota Utilities Co.  
Electric Utility – North Dakota  
Interim Rate Refund Plan  
Case No. PU-16-666**

As ordered by the Commission on June 16, 2017 in Findings of Fact Paragraph 17 that states “MDU shall submit a refund plan within 30 days of this Order”, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., proposes the following Interim Rate Refund Plan to enable the refunding of the difference between the final overall increase in electric revenues of \$7,500,000, or 3.7 percent and the Interim Rate Increase of \$9,715,082, net of reagents and sand which was authorized to be collected through the Fuel and Purchased Power Adjustment.

On November 30, 2016, the North Dakota Public Service Commission authorized Montana-Dakota to implement interim rates with rates to be effective December 13, 2016. The interim rate of 10.32 percent is currently being applied to the Basic Service Charge, Energy Charge and Demand Charge of each rate schedule and is shown as a separate line item on customers’ bills. The interim rate of 10.32 percent represents the increase in electric revenues excluding the revenues collected under the Fuel and Purchased Power Adjustment (FPPA) and the Company’s four rate riders.

As shown on Attachment A page 1, Montana-Dakota has collected \$5,470,390 on an interim basis through June 30, 2017. In applying the interim rate refund of 18.939 percent to the interim collected, Montana-Dakota estimates an interim rate refund requirement of \$1,036,037 before the application of interest. The application of the Three-Month Treasury Bill rate to the average refund balance for each month that interim revenue was collected calculates a total estimated refund factor of 19.005

percent. The interim refund requirement will be adjusted to reflect actual dollars collected, through the implementation of final rates, when available.

The Company is proposing that bill credits be applied to active customer accounts with checks issued in the event a customer account is no longer active and the refund is \$5.00 or greater. Any un-refunded balance associated with inactive customers whose refund of less than \$5.00 and any difference due to rounding will then be credited to the Company's Deferred Fuel Cost Account. The bill credits will be calculated based on the actual interim dollars collected from each customer and applying the final interim rate refund factor. The application of the refund to customer accounts will be realized within 90 days of Commission approval of this Interim Rate Refund Plan.

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 Deferred Fuel Cost Account.

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Interim Rate Refund Factor - Estimate  
Case No. PU-16-666**

Calculation of Interim Rate Refund Factor:

Interim Rate Increase	\$11,695,592
Less Reagent/Sand 1/	1,980,510
Net Interim Increase	9,715,082
Authorized Final Rate Increase	7,500,000
Interim Amount to be Refunded	2,215,082
% Refundable	18.939%
Total Interim Collected through June 30, 2017	5,470,390
Interim to be Refunded (excluding interest)	1,036,037
Interest on Interim Balance	3,608
Total Amount to be Refunded	1,039,645
Interim Refund Factor - Estimated	19.005%

1/ Authorized to be recovered through the Fuel and Purchased Power Adjustment.

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Calculation of Interest on Interim Collected - Estimate**  
**Case No. PU-16-666**

	Beginning Interim Refund Balance	Current Month Interim Collected	Interim to be Refunded	Interest on Interim Refund Balance 1/	Ending Interim Refund Balance
December 2016 2/	\$0	\$76,647	\$14,516	\$0	\$14,516
January 2017	14,516	941,499	178,310	6	192,832
February	192,832	917,426	173,751	84	366,667
March	366,667	976,345	184,910	226	551,803
April	551,803	814,313	154,223	368	706,394
May	706,394	821,325	155,551	524	862,469
June	862,469	922,835	174,776	704	1,037,949
July	1,037,949		0	848	1,038,797
August	1,038,797		0	848	1,039,645
		<u>\$5,470,390</u>	<u>\$1,036,037</u>	<u>\$3,608</u>	

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

2/ Interim rate effective with service rendered on and after December 13, 2016.

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Refund per Rate Reporting Class - Estimate  
Case No. PU-16-666**

<u>Rate Reporting Class</u>	<u>Actual Interim Collected 1/</u>	<u>% to Refund</u>	<u>Estimated Refund</u>	<u>Estimated Refund/Customer</u>	<u>Customers</u>
Residential Service	\$2,202,908	19.005%	\$418,663	\$5.23	80,003
Small General Service	373,536	19.005%	70,991	\$5.98	11,867
General Service	2,735,614	19.005%	519,903	\$97.56	5,329
Lighting Service					
Rate 41	56,268	19.005%	10,694	\$19.06	2,604
Rate 52	24,412	19.005%	4,640	\$1.78	561
Municipal Pumping Service	77,651	19.005%	14,758	\$45.69	323
<b>Total North Dakota</b>	<u><u>5,470,389</u></u>		<u><u>1,039,649</u></u>		<u><u>100,687</u></u>

1/ Interim collected December 13, 2016 through June 30, 2017.