

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

November 3, 2017

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

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

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 Report in the above referenced case.

On October 14, 2016, Montana-Dakota filed an Application with the North Dakota Public Service Commission (Commission) to increase its electric rates. The Company concurrently submitted an Application for an interim increase in rates to be effective 60 days from the date of filing. On November 30, 2016, the Commission authorized Montana-Dakota to implement interim rates, 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 December 13, 2016, the Company implemented an interim rate of 10.32% applicable to the amounts billed under the Basic Service Charge, Energy Charges, and Demand Charges applicable under all rate schedules.

On June 16, 2017, the Commission approved a Settlement Agreement entered into between Montana-Dakota, the Commission Advocacy Staff, and the AARP authorizing a final increase in electric rates of \$7,500,000. In compliance with the Commission's Order and the terms of the Settlement Agreement approved, Montana-Dakota must refund the difference in the net interim increase and that authorized in final rates which amounts to 18.939 percent of the revenues collected on an interim basis.

Montana-Dakota reports that the total interim revenues collected during the timeframe December 13, 2016 through September 30, 2017 is \$7,406,724 equating to a total refund of \$1,407,834, including interest at the three-month Treasury Bill rate as published monthly by the Federal Reserve Board applied to the average monthly refund balance. A final refund factor of 19.008 percent was calculated as shown in Attachment A.

On October 16, 2017, a total of \$1,397,613 was refunded through a credit to active customer accounts or checks issued if the account was inactive and the refund was greater than \$5.00 in accordance with the Company's Interim Rate Refund Plan submitted to the Commission on July 14, 2017 and approved at the July 26, 2017 agenda meeting. The remaining balance of \$10,281 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 Deferred Fuel 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.
Electric Utility - North Dakota
Interim Rate Refund Factor
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 September 30, 2017	7,406,724
Interim to be Refunded (excluding interest)	1,402,759
Interest on Interim Balance	5,075
Total Amount to be Refunded	1,407,834
Interim Refund Factor	19.008%

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
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	1,005,953	190,517	926	1,229,392
August	1,229,392	895,468	169,593	1,035	1,400,020
September	1,400,020	34,913	6,612	1,202	1,407,834
		<u>\$7,406,724</u>	<u>\$1,402,759</u>	<u>\$5,075</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
Case No. PU-16-666**

<u>Rate Reporting Class</u>	<u>Actual Interim Collected 1/</u>	<u>% to Refund</u>	<u>Refund</u>	<u>Refund/Customer</u>	<u>Customers</u>
Residential Service	\$2,970,502	19.008%	\$564,633	\$7.06	80,003
Small General Service	501,315	19.008%	95,290	\$8.03	11,867
General Service	3,718,378	19.008%	706,789	\$132.63	5,329
Lighting Service					
Rate 41	70,513	19.008%	13,403	\$5.15	2,604
Rate 52	30,471	19.008%	5,792	\$10.32	561
Municipal Pumping Service	115,545	19.008%	21,963	\$68.00	323
Total North Dakota	<u><u>7,406,724</u></u>		<u><u>1,407,870</u></u>		<u><u>100,687</u></u>

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

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Summary of Refund Applied October 16, 2017
Case No. PU-16-666

	Total Amount to be Refunded by Rate	Refund via		Total Amount Refunded	Amount to be Refunded through FCA Deferred	# of Refunds Applied
		Bill Credit	Check			
Residential						
Rate 10	\$564,526	\$543,045	\$11,592	\$554,637	\$9,921	100,897
Rate 13	47	47		47		4
Rate 16	71	71		71		9
	<u>564,644</u>	<u>543,163</u>	<u>11,592</u>	<u>554,755</u>	<u>9,921</u>	<u>100,910</u>
Small General						
Rate 20	90,596	89,073	1,226	90,299	296	11,111
Rate 25	552	552		552		51
Rate 26	1,573	1,573		1,573		251
Rate 40	2,569	2,568		2,568		295
	<u>95,290</u>	<u>93,766</u>	<u>1,226</u>	<u>94,992</u>	<u>296</u>	<u>11,708</u>
Large General						
Rate 30	644,267	638,442	5,757	644,199	38	4,645
Rate 31	16,695	16,695		16,695		74
Rate 32	29,429	29,131	294	29,425	4	612
Rate 34	296	296		296		1
Rate 38/39	16,101	16,101		16,101		4
	<u>706,788</u>	<u>700,665</u>	<u>6,051</u>	<u>706,716</u>	<u>42</u>	<u>5,336</u>
Lighting						
Rate 41	13,403	13,394	10	13,404		622
Rate 52	5,804	5,726	57	5,783	22	2,745
	<u>19,207</u>	<u>19,120</u>	<u>67</u>	<u>19,187</u>	<u>22</u>	<u>3,367</u>
Municipal Pumping						
Rate 48	21,963	21,902	61	21,963		334
Total North Dakota	<u>1,407,892</u>	<u>1,378,616</u>	<u>18,997</u>	<u>1,397,613</u>	<u>10,281</u>	<u>121,655</u>