



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 21, 2017

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

Re: Application and Notice of Change in
Natural Gas Rates
Case No. PU-17-_____

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits its Application and Notice to increase its rates for natural gas 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 natural gas 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.

Montana-Dakota will prove by competent evidence that its existing natural gas rates do not allow Montana-Dakota to fully recover the cost of providing gas service to its North Dakota customers; therefore, the current rates are unjust, unreasonable, and not compensatory.

The primary reason for the increase in rates is the increased investment in distribution facilities to improve system safety and reliability and the depreciation and taxes associated with the increase in investment. The Company is introducing a System Safety Integrity Program (SSIP) and the proposed adjustment mechanism required to fund the SSIP.

Authorization of the requested increase in revenues will provide Montana-Dakota a reasonable opportunity to earn a fair rate of return for its North Dakota natural gas operations.

Montana-Dakota proposes a total annual increase of \$5,868,389 or 5.4 percent, based on a 2018 test year. The proposed change in rates will affect customer classes as follows:

<u>Customer Class</u>	<u>Revenue Increase</u>	
	<u>\$</u>	<u>%</u>
Residential	\$ 3,458,717	5.9%
Firm General	2,409,704	5.5%
Air Force Delivery	0	0.0%
Small Interruptible	(171)	0.0%
Large Interruptible	139	0.0%
Total	<u>\$ 5,868,389</u>	<u>5.4%</u>

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 A. Liepitz
 Assistant General Counsel
 MDU Resources Group, Inc.
 P. O. Box 5650
 Bismarck, ND 58506-5650
Karl.Liepitz@mduresources.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. An electronic copy has also been provided.

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 Natural Gas Rates in the annual amount of \$4,561,074 to be effective 60 days from filing in accordance with Section 49-05-06 of the North Dakota Century Code.

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

Sincerely,



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

Attachment

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.,)	Case No. PU-17-_____
for Authority to Establish Increased)	
Rates for Natural Gas Service)	

* * * *

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.

Volume No. 7	Description
4 th Revised Sheet No. 1	Table of Contents
3 rd Revised Sheet No. 2	Communities Served
159 th Revised Sheet No. 3	Rate Summary Sheet
3 rd Revised Sheet No. 3.1	Rate Summary Sheet
9 th Revised Sheet No. 4	Residential Gas Service Rate 60
7 th Revised Sheet No. 7	Air Force Rate 64
1 st Revised Sheet No. 7.1	Air Force Rate 64
Original Sheet No. 8	Air Force Distribution System Rate 65
9 th Revised Sheet No. 13	Firm General Gas Service Rate 70
1 st Revised Sheet No. 13.1	Firm General Gas Service Rate 70
9 th Revised Sheet No. 14	Small Interruptible General Gas Service Rate 71
5 th Revised Sheet No. 14.1	Small Interruptible General Gas Service Rate 71
2 nd Revised Sheet No. 14.2	Small Interruptible General Gas Service Rate 71
Original Sheet No. 14.3	Small Interruptible General Gas Service Rate 71
10 th Revised Sheet No. 15	Optional Seasonal General Gas Service Rate 72
1 st Revised Sheet No. 15.1	Optional Seasonal General Gas Service Rate 72
Original Sheet No. 24	Transportation Service Rate 81 and 82
8 th Revised Sheet No. 24.1	Transportation Service Rate 81 and 82
Original Sheet Nos. 24.2-24.6	Transportation Service Rate 81 and 82
2 nd Revised Sheet No. 24.7	Transportation Service Rate 81 and 82
Original Sheet Nos. 24.8-24.9	Transportation Service Rate 81 and 82
6 th Revised Sheet No. 27	Large Interruptible General Gas Service Rate 85
3 rd Revised Sheet No. 27.1	Large Interruptible General Gas Service Rate 85
1 st Revised Sheet No. 27.2	Large Interruptible General Gas Service Rate 85
Original Sheet No. 27.3	Large Interruptible General Gas Service Rate 85
1 st Revised Sheet No. 29	Distribution Delivery Stabilization Mechanism Rate 87
2 nd Revised Sheet No. 29.1	Distribution Delivery Stabilization Mechanism Rate 87
3 rd Revised Sheet No. 30	Cost of Gas Rate 88

1 st Revised Sheet Nos. 30.1-30.3	Cost of Gas Rate 88
3 rd Revised Sheet Nos. 30.4-30.5	Cost of Gas Rate 88
9 th Revised Sheet No. 32	Residential Propane Service Rate 90
9 th Revised Sheet No. 34	Firm General Propane Service Rate 92
1 st Revised Sheet No. 34.1	Firm General Propane Service Rate 92
3 rd Revised Sheet No. 41	Cost of Gas Propane Rate 99
2 nd Revised Sheet Nos. 41.1-41.2	Cost of Gas Propane Rate 99
Original Sheet No. 41.3	Cost of Gas Propane Rate 99
2 nd Revised Sheet Nos. 42-42.9	General Provisions Rate 100
4 th Revised Sheet No. 42.10	General Provisions Rate 100
2 nd Revised Sheet No. 42.11	General Provisions Rate 100
4 th Revised Sheet No. 42.12	General Provisions Rate 100
3 rd Revised Sheet Nos. 42.13-42.14	General Provisions Rate 100
4 th Revised Sheet Nos. 42.15-42.17	General Provisions Rate 100
2 nd Revised Sheet No. 42.18	General Provisions Rate 100
Original Sheet Nos. 47-47.1	Gas Meter Testing Program Rate 105
2 nd Revised Sheet No. 61	Interruptible Gas Service Extension Policy Rate 119
1 st Revised Sheet No. 61.1	Interruptible Gas Service Extension Policy Rate 119
Original Sheet No. 62	Firm Gas Service Extension Policy Rate 120
1 st Revised Sheet Nos. 62.1-62.2	Firm Gas Service Extension Policy Rate 120
Original Sheet No. 62.3	Firm Gas Service Extension Policy Rate 120
1 st Revised Sheet Nos. 62.4-62.5	Firm Gas Service Extension Policy Rate 120
2 nd Revised Sheet No. 66	New Installation, Replacement, Relocation and Repair for Gas Service Lines Rate 124

V.

Montana-Dakota respectfully hereby files the following described proposed rate schedules for natural gas service, copies attached hereto as Appendix B, which substitute for the rate schedules as noted below. The Rate Summary Sheet (Sheet No. 3) will be submitted upon disposition of the Case. The following described proposed rate schedules are proposed to be effective on a final basis in this Case.

NDPSC Volume No. 7

<u>Proposed Tariff</u>	<u>Canceling Current or Interim Tariff</u>
4 th Revised Sheet No. 1	3 rd Revised Sheet No. 1
160 th Revised Sheet No. 3	159 th Revised Sheet No. 3

4 th Revised Sheet No. 3.1	3 rd Revised Sheet No. 3.1
11 th Revised Sheet No. 4	10 th Revised Sheet No. 4
11 th Revised Sheet No. 13	10 th Revised Sheet No. 13
11 th Revised Sheet No. 14	10 th Revised Sheet No. 14
6 th Revised Sheet No. 14.1	5 th Revised Sheet No. 14.1
3 rd Revised Sheet No. 14.2	2 nd Revised Sheet No. 14.2
1 st Revised Sheet No. 14.3	Original Sheet No. 14.3
12 th Revised Sheet No. 15	11 th Revised Sheet No. 15
2 nd Revised Sheet No. 15.1	1 st Revised Sheet No. 15.1
Original Sheet No. 16	
Original Sheet No. 16.1	
10 th Revised Sheet No. 24.1	9 th Revised Sheet No. 24.1
1 st Revised Sheet No. 24.2	Original Sheet No. 24.2
1 st Revised Sheet No. 24.4	Original Sheet No. 24.4
1 st Revised Sheet No. 24.6	Original Sheet No. 24.6
1 st Revised Sheet No. 24.9	Original Sheet No. 24.9
8 th Revised Sheet No. 27	7 th Revised Sheet No. 27
4 th Revised Sheet No. 27.1	3 rd Revised Sheet No. 27.1
2 nd Revised Sheet No. 27.2	1 st Revised Sheet No. 27.2
1 st Revised Sheet No. 27.3	Original Sheet No. 27.3
3 rd Revised Sheet No. 29.1	2 nd Revised Sheet No. 29.1
4 th Revised Sheet No. 30	3 rd Revised Sheet No. 30
2 nd Revised Sheet Nos. 30.1-30.3	1 st Revised Sheet Nos. 30.1-30.3
4 th Revised Sheet Nos. 30.4-30.5	3 rd Revised Sheet Nos. 30.4-30.5
11 th Revised Sheet No. 32	10 th Revised Sheet No. 32
2 nd Revised Sheet No. 32.1	1 st Revised Sheet No. 32.1
11 th Revised Sheet No. 34	10 th Revised Sheet No. 34
Original Sheet No. 37	
Original Sheet No. 37.1	
4 th Revised Sheet No. 41	3 rd Revised Sheet No. 41
3 rd Revised Sheet Nos. 41.1-41.2	2 nd Revised Sheet Nos. 41.1-41.2
1 st Revised Sheet No. 41.3	Original Sheet No. 41.3
3 rd Revised Sheet Nos. 42-42.9	2 nd Revised Sheet No. 42-42.9
5 th Revised Sheet No. 42.10	4 th Revised Sheet No. 42.10
3 rd Revised Sheet No. 42.11	2 nd Revised Sheet No. 42.11
5 th Revised Sheet No. 42.12	4 th Revised Sheet No. 42.12
4 th Revised Sheet Nos. 42.13-42.14	3 rd Revised Sheet Nos. 42.13-42.14
5 th Revised Sheet Nos. 42.15-42.17	4 th Revised Sheet Nos. 42.15-42.17
3 rd Revised Sheet No. 42.18	2 nd Revised Sheet No. 42.18
Original Sheet No. 42.19	
1 st Revised Sheet No. 62	Original Sheet No. 62
3 rd Revised Sheet No. 66	2 nd Revised Sheet No. 66

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 natural gas service and to earn a just and reasonable rate of return on its natural gas property devoted to providing service to its North Dakota natural gas customers.

VII.

The new rates contained herein will provide additional annual revenues before income taxes of \$5,868,389 based on a 2018 future test year, for natural gas 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, 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 Natural Gas Rates in the annual amount of \$4,561,074 to be effective 60 days from filing in accordance with Section 49-05-06 of the North Dakota Century Code.

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 21st day of July, 2017.

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

