



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

February 14, 2018

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

Re: In the Matter of Montana-Dakota Utilities Co.'s Application and Notice of Change in Natural Gas Rates - Interim Rate Update to Reflect Tax Cuts and Jobs Act Case No. PU-17-295

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of its request to update the rates currently being collected on an interim basis in the pending natural gas rate case in Case No. PU-17-295. This update is necessary to reflect the reduction in the federal corporate income tax rate from 35 percent to 21 percent effective with the passage of the Tax Cuts and Jobs Act of 2017 (TCJA) on December 22, 2017 to be effective for the 2018 tax year.

The Company's current interim rate, subject to refund, is set to collect a revenue requirement of \$4,561,074 as authorized by the Commission on September 6, 2017 in the Company's pending natural gas rate case. Also, on February 14, 2018, the Commission voted to continue the hearing regarding this matter, originally scheduled to begin on February 28, 2018, until May 30, 2018 in order for Montana-Dakota to update its revenue requirement to reflect the effects of the TCJA and intervening parties including Advocacy Staff to analyze those changes.

Given the magnitude of the current tax rate change effective January 1, 2018 and the necessary delay in the hearing and ultimately a final decision regarding Montana-Dakota's request to implement rates, Montana-Dakota is requesting to change its interim rate to reflect the change in the corporate tax rate from 35 percent to 21 percent

effective upon Commission approval. There are additional changes associated with the TCJA that Montana-Dakota will address in its rebuttal testimony to be submitted in this case, however, the change in current tax expense is the most significant change. Any other TCJA differences incorporated in final rates may be addressed as part of the interim rate refund process upon entry of a Final Commission Order along with any refunds necessary to reflect the January 1, 2018 effective date of the TCJA.

The updated interim revenue increase reflecting the change in current tax expense because of the change in the federal rate from 35 percent to 21 percent is \$2,687,424 which represents a reduction of \$1,873,650 from the interim revenue increase of \$4,561,074 currently being collected under interim rates. The following tariff sheets included as Exhibit A have been revised to reflect the change in the percentage applied to the Basic Service Charge and Distribution Delivery Charges from 12.486 percent to 7.357 percent.

NDPSC Volume No. 7

- 11th Revised Sheet No. 4
- 9th Revised Sheet No. 7
- 11th Revised Sheet No. 13
- 11th Revised Sheet No. 14
- 12th Revised Sheet No. 15
- 10th Revised Sheet No. 24.1
- 8th Revised Sheet No. 27
- 11th Revised Sheet No. 32
- 11th Revised Sheet No. 34

Supporting schedules reflecting the change in the current tax rate from 35 percent to 21 percent are provided in Exhibit B.

The updated interim revenue requirement represents an overall increase of 2.5 percent. The residential increase with the updated interim revenue requirement will be approximately \$1.44 per month or 2.9%, a reduction of \$1.00 per month from interim rates currently being charged.

As noted previously, Montana-Dakota will more fully address changes associated with the TCJA in its rebuttal testimony in this case and comments to be submitted in the Commission's Investigation of the TCJA in Case No. PU-17-490.

Please contact me at 701.222.7856 or tamie.aberle@mdu.com with any questions.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Cc: Service List

Service List - Electronic

Case No. PU-17-295

Tamie Aberle
Montana-Dakota Utilities Co.
400 N 4th St
Bismarck, ND 58506-5650
Tamie.Aberle@mdu.com

Karl Liepitz
Assistant General Counsel
MDU Resource Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650
Karl.Liepitz@MDUResources.com

Paul Sanderson
Attorney at Law
103 South 3rd St., Suite 5
Bismarck, ND 58501
psanderson@esattorneys.com

Patrick J. Ward
Zuger, Kirmis & Smith
P.O. Box 1695
Bismarck, ND 58502-1695
PWard@zkslaw.com

Illona Jeffcoat-Sacco
General Counsel
600 E. Blvd. Ave. Dept. 408
Bismarck, ND 58505-0480
iis@nd.gov

John Schuh
Special Assistant Attorney General
North Dakota Public Service
Commission
600 E. Blvd Ave, Dept. 408
Bismarck, ND 58505-0480
ischuh@nd.gov

Mitchell Armstrong
Smith Porsborg Schweigert Armstrong
Moldenhauer & Smith
122 East Broadway Avenue
P.O. Box 460
Bismarck, ND 58502
marmstrong@smithporsborg.com

Dave Tschider
Attorney at Law
418 E Rosser Ave #200
Bismarck, ND 58501
dtschider@tschider-smithlaw.com

John B. Coffman
John B. Coffman, LLC
871 Tuxedo Blvd
St. Louis, MO 63119-2044
john@johncoffman.net

Andrew J. Unsicker, Maj, USAF
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
(850) 283-6347
Andrew.Unsicker@us.af.mil
ULFSC.Tyndall@us.af.mil

Lanny L. Zieman, Capt, USAF
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
(850) 282-8863
Lanny.Zieman.1@us.af.mil

Natalie A. Cepak, Capt, USAF
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1

Mr. Thomas A. Jernigan
AFCEC/JA-ULFSC
139 Barnes Drive, Suite 1

Tyndall Air Force Base, Florida 32403
(850) 283-6348
Natalie.Cepak.2@us.af.mil
Ms. Ebony M. Payton
AFCEC/CN-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403-
(850) 283-6236
Ebony.Payton.ctr@us.af.mil

Tyndall Air Force Base, Florida 32403-
(850) 283-6663
Thomas.Jernigan.3@us.af.mil
Ryan K. Moore, TSgt, USAF
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
(850) 283-6289
Ryan.Moore.5@us.af.mil

Exhibit A

Exhibit A



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
11th Revised Sheet No. 4
Canceling 10th Revised Sheet No. 4

RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

Availability:

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.6443 per day
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate
Interim Rate Increase:	7.357% of amount billed under Basic Service Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

General Terms and Conditions:

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: February 14, 2018

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
9th Revised Sheet No. 7
Canceling 8th Revised Sheet No. 7

AIR FORCE Rate 64

Page 1 of 2

Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

Rate:

Basic Service Charge:

Minot Air Force Base	\$2,000.00 per month
Perimeter Acquisition Radar (PAR) Site	\$175.00 per month

Distribution Delivery Charge:

Firm Service	\$.329 per dk
Interruptible Service	\$.177 per dk

Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

Interim Rate Increase:

7.357% of amount billed under Basic Service Charge and Distribution Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
11th Revised Sheet No. 13
Cancelling 10th Revised Sheet No. 13

FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 2

Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under
500 cubic feet per hour \$0.67 per day

For customers with meters rated over
500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$.730 per dk

Cost of Gas: Determined Monthly- See
Rate Summary Sheet for
Current Rate

Interim Rate Increase: 7.357% of amount billed under
Basic Service Charge and
Distribution Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7

11th Revised Sheet No. 14

Canceling 10th Revised Sheet No. 14

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 4

Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

Rate:

Basic Service Charge:	\$175.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$1.112 per dk	<u>Minimum</u> \$.668 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	
Interim Rate Increase:	7.357% of amount billed under Basic Service Charge and Distribution Delivery Charge	

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
12th Revised Sheet No. 15
Cancelling 11th Revised Sheet No. 15

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour

\$0.67 per day

For customers with meters rated
over 500 cubic feet per hour

\$1.90 per day

Distribution Delivery Charge:

\$0.730 per dk

Cost of Gas:

Winter- Service rendered October 1 through May 31

Determined Monthly-
See Rate Summary
Sheet for Current Rate

Summer- Service rendered June 1 through
September 30

Determined Monthly-
See Rate Summary
Sheet for Current Rate

Interim Rate Increase:

7.357% of amount billed
under Basic Service Charge
and Distribution Delivery
Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 24.1
Canceling 9th Revised Sheet No. 24.1

TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 8

Rate:

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

Basic Service Charge:

Rate 81	\$175.00 per month
Rate 82	\$1,000.00 per month

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.668	\$0.297
Minimum Rate per dk	\$0.102	\$0.061

Interim Rate Increase:	7.357% of amount billed under Basic Service Charge and Distribution Delivery Charge
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General Terms and Conditions:

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).
2. **REQUEST FOR GAS TRANSPORTATION SERVICE:**
 - a. To qualify for gas transportation service a customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company's existing operating capacity permits.
 - b. Requests for transportation service shall be considered in accordance with the provisions of Rate 100, §V.10.

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State of North Dakota Gas Rate Schedule

NDPSC Volume 7
8th Revised Sheet No. 27
Canceling 7th Revised Sheet No. 27

LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 1 of 4

Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed 100,000 dk annually as metered at a single delivery point. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

This rate schedule shall not apply for service to U.S. Government installations, which are covered by separate special contracts.

The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

Rate:

Basic Service Charge:	\$1,000.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$.718 per dk	<u>Minimum</u> \$.297 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	
Interim Rate Increase:	7.357% of amount billed under Basic Service Charge and Distribution Delivery Charge	

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Date Filed: February 14, 2018

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
11th Revised Sheet No. 32
Canceling 10th Revised Sheet No. 32

RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 1

Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.6443 per day
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate
Interim Rate Increase:	7.357% of amount billed under Basic Service Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: February 14, 2018

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
11th Revised Sheet No. 34
Cancelling 10th Revised Sheet No. 34

FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

Availability:

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour \$0.67 per day

For customers with meters rated
over 500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$0.730 per dk

Cost of Gas: Determined Monthly- See Rate
Summary Sheet for Current Rate

Interim Rate Increase: 7.357% of amount billed under Basic
Service Charge and Distribution
Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of propane as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

Date Filed: February 14, 2018

Effective Date:

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 4
Canceling 9th Revised Sheet No. 4

RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

Availability:

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.6443 per day
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate
Interim Rate Increase:	<u>7.35742.486%</u> of amount billed under Basic Service Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

General Terms and Conditions:

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: July 21, 2017	Effective Date: Service rendered on and after September 19, 2017
Issued By: Tamie A. Aberle Director - Regulatory Affairs	Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
8th Revised Sheet No. 7
Canceling 7th Revised Sheet No. 7

AIR FORCE Rate 64

Page 1 of 2

Availability:

Minot Air Force Base near Minot, North Dakota, and the Perimeter Acquisition Radar (PAR) Site, near Concrete, North Dakota. The Air Force shall make an election of its requirements under each available service and such requirements shall be set forth in a service agreement with the Company.

Rate:

Basic Service Charge:

Minot Air Force Base	\$2,000.00 per month
Perimeter Acquisition Radar (PAR) Site	\$175.00 per month

Distribution Delivery Charge:

Firm Service	\$.329 per dk
Interruptible Service	\$.177 per dk

Cost of Gas:

Determined Monthly- See Rate Summary Sheet for Current Rate

Interim Rate Increase:

~~7.35742~~4.486% of amount billed under Basic Service Charge and Distribution Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed:	July 21, 2017	Effective Date:	Service rendered on and after September 19, 2017
Issued By:	Tamie A. Aberle Director – Regulatory Affairs	Case No.:	PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 13
Cancelling 9th Revised Sheet No. 13

FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 2

Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under
500 cubic feet per hour \$0.67 per day

For customers with meters rated over
500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$.730 per dk

Cost of Gas: Determined Monthly- See
Rate Summary Sheet for
Current Rate

Interim Rate Increase: 7.35742-486% of amount billed
under Basic Service Charge and
Distribution Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 14
Canceling 9th Revised Sheet No. 14

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 1 of 5

Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed an input rate of 2,500,000 Btu per hour, metered at a single delivery point and whose use of natural gas will not exceed 100,000 dk annually. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruptible purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

Rate:

Basic Service Charge:	\$175.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$1.112 per dk	<u>Minimum</u> \$.668 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	
Interim Rate Increase:	<u>7.35742-486%</u> of amount billed under Basic Service Charge and Distribution Delivery Charge	

The Distribution Delivery Charge shall be set forth in the service agreement required as provided in the General Terms and Conditions for service. Such rate, as adjusted to reflect changes in the Cost of Gas, shall apply for the term of the agreement regardless of a change in the rates set forth above.

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

Date Filed: July 21, 2017	Effective Date: Service rendered on and after September 19, 2017
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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7

10th Revised Sheet No. 14

Canceling 9th Revised Sheet No. 14

SMALL INTERRUPTIBLE GENERAL GAS SERVICE Rate 71

Page 2 of 5

The cost of gas includes all applicable cost of gas items as defined in Cost of Gas – Natural Gas Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

Date Filed: July 21, 2017

Effective Date: Service rendered on and
after September 19, 2017

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
11th Revised Sheet No. 15
Cancelling 10th Revised Sheet No. 15

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under 500 cubic feet per hour \$0.67 per day

For customers with meters rated over 500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$0.730 per dk

Cost of Gas:

Winter- Service rendered October 1 through May 31 Determined Monthly- See Rate Summary Sheet for Current Rate

Summer- Service rendered June 1 through September 30 Determined Monthly- See Rate Summary Sheet for Current Rate

Interim Rate Increase: 7.35712.486% of amount billed under Basic Service Charge and Distribution Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Date Filed: July 21, 2017

Effective Date: Service rendered on and after September 19, 2017

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
9th Revised Sheet No. 24.1
Canceling 8th Revised Sheet No. 24.1

TRANSPORTATION SERVICE Rates 81 and 82

Page 2 of 8

Rate:

Under Rate 81 or 82, customer shall pay the applicable Basic Service Charge plus a negotiated rate not more than the maximum rate or less than the minimum rate specified below. In the event customer also takes service under Rate 71 or Rate 85, the Basic Service Charge applicable under Rate 81 or Rate 82 shall be waived.

Basic Service Charge:

Rate 81	\$175.00 per month
Rate 82	\$1,000.00 per month

	<u>Rate 81</u>	<u>Rate 82</u>
Maximum Rate per dk	\$0.668	\$0.297
Minimum Rate per dk	\$0.102	\$0.061

<u>Interim Rate Increase:</u>	<u>7.357% of amount billed under Basic Service Charge and Distribution Delivery Charge</u>
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General Terms and Conditions:

1. **CRITERIA FOR SERVICE:** In order to receive the service, customer must qualify under one of the Company's applicable natural gas transportation service rates and comply with the general terms and conditions of the service provided herein. The customer is responsible for making all arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline(s).
2. **REQUEST FOR GAS TRANSPORTATION SERVICE:**
 - a. To qualify for gas transportation service a customer must request the service pursuant to the provisions set forth herein. The service shall be provided only to the extent that the Company's existing operating capacity permits.
 - b. Requests for transportation service shall be considered in accordance with the provisions of Rate 100, §V.10.

Date Filed:	May 17, 2017	Effective Date:	Service rendered on and after November 1, 2017
Issued By:	Tamie A. Aberle Director – Regulatory Affairs	Case No.:	PU-17-194



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
7th Revised Sheet No. 27
Canceling 6th Revised Sheet No. 27

LARGE INTERRUPTIBLE GENERAL GAS SERVICE Rate 85

Page 1 of 4

Availability:

In all communities served for all interruptible general gas service customers whose interruptible natural gas load will exceed 100,000 dk annually as metered at a single delivery point. The rates herein are applicable only to customer's interruptible load. Customer's firm natural gas requirements must be separately metered or specified in a firm service agreement. Customer's firm load shall be billed at Firm General Gas Service Rate 70. For interruption purposes, the maximum daily firm requirement shall be set forth in the firm service agreement.

This rate schedule shall not apply for service to U.S. Government installations, which are covered by separate special contracts.

The Company reserves the right to refuse the initiation of service under this rate schedule based on the availability of gas supply.

Rate:

Basic Service Charge:	\$1,000.00 per month	
Distribution Delivery Charge:	<u>Maximum</u> \$.718 per dk	<u>Minimum</u> \$.297 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	
Interim Rate Increase:	7.35742.486% of amount billed under Basic Service Charge and Distribution Delivery Charge	

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Date Filed:	July 21, 2017	Effective Date:	Service rendered on and after September 19, 2017
Issued By:	Tamie A. Aberle Director – Regulatory Affairs	Case No.:	PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 32
Canceling 9th Revised Sheet No. 32

RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 1

Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.6443 per day
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate
Interim Rate Increase:	<u>7.35742</u> - 4.86 % of amount billed under Basic Service Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of gas as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed:	July 21, 2017	Effective Date:	Service rendered on and after September 19, 2017
Issued By:	Tamie A. Aberle Director – Regulatory Affairs	Case No.:	PU-17-295



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
10th Revised Sheet No. 34
Cancelling 9th Revised Sheet No. 34

FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

Availability:

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour \$0.67 per day

For customers with meters rated
over 500 cubic feet per hour \$1.90 per day

Distribution Delivery Charge: \$0.730 per dk

Cost of Gas: Determined Monthly- See Rate
Summary Sheet for Current Rate

Interim Rate Increase: 7.357~~12.486~~% of amount billed under
Basic Service Charge and Distribution
Delivery Charge

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Gas:

The cost of propane as defined in Cost of Gas - Propane Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

Date Filed: July 21, 2017

Effective Date: Service rendered on and
after September 19, 2017

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Case No.: PU-17-295

**MONTANA-DAKOTA UTILITIES CO.
REVENUE INCREASE CALCULATION
GAS UTILITY - NORTH DAKOTA**

		<u>Interim Rev. Increase</u>	
Net Pro Forma Rate Base	\$	136,370,517	
Overall Rate of Return		7.287%	
Calculated Return on Rate Base	\$	<u>9,937,320</u>	
 Total Pro Forma Operating Expenses	 \$	 105,036,230	
Total Pro Forma Revenue Requirement 1/ (less) Total Pro Forma Revenue Estimates	\$	114,973,550 <u>112,136,630</u>	
Unadjusted Revenue Increase Estimate	\$	2,836,920	
 Gross Up Factor 2/		 1.607756	
Approved Interim Revenue Increase	\$	4,561,074	Page 3.
Reflecting 21% Tax Rate			
Total Pro Forma Operating Expenses (Above)	\$	105,036,230	
Less: Reduction in Income Tax (Page 2)		<u>805,359</u>	
Total Pro Forma Operating Expenses	\$	104,230,871	
Total Pro Forma Revenue Requirement 1/ (less) Total Pro Forma Revenue Estimates	\$	114,168,191 <u>112,136,630</u>	
Unadjusted Revenue Increase Estimate	\$	2,031,561	
 Gross Up Factor 2/		 1.322837	
Adjusted Interim Revenue Increase	\$	2,687,424	
Change in Revenue Increase	\$	1,873,650	

1/ Calculated Return on Rate Base plus Pro Forma Expenses.

2/ Calculated as 1 divided by the inverse of the tax rate.

**MONTANA-DAKOTA UTILITIES CO.
PRO FORMA INCOME STATEMENT
GAS UTILITY - NORTH DAKOTA**

	Montana-Dakota Op. Income
Projected Income - As Filed	
Revenue:	
Sales & Transport	\$ 108,608,842
Other Revenue	3,527,788
Total Operating Revenues	\$112,136,630
Operating Expenses:	
Purchased Natural Gas	\$ 70,913,006
Other O&M	21,532,698
Total Operating Expenses	\$ 92,445,704
Depreciation	8,365,365
Taxes Other Than Income	\$ 2,039,599
Current Income Taxes 1/	\$ 2,287,971
Deferred Income Taxes	(102,409)
Total Income Tax	\$ 2,185,562
Total Expenses	105,036,230
Net Operating Income	\$ 7,100,400
Projected Income - Tax Adjustment to 21%	
Pre-Tax	\$9,285,962
Perms - AFUDC / Other	\$96,800
Interest Expense	(3,307,703)
Utility Operating Income - Pre-Tax	6,075,059
Income Tax Expense 2/	1,482,612
South Georgia	(102,409)
Total Income Tax	\$ 1,380,203
Net Operating Income (21% Rate)	\$ 7,905,759
Reduction in Income Tax Expense	\$ 805,359

1/ Calculated at 37.8015 percent effective rate. See page 5.

2/ Calculated at 24.4049 percent effective rate.

MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
PROJECTED 2018
- INTERIM -

AS FILED

	Before Additional Revenue Requirements 1/	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$106,410,946	\$4,561,074	\$110,972,020
Transportation	2,197,896		2,197,896
Other	3,527,788		3,527,788
Total Revenues	<u>112,136,630</u>	<u>4,561,074</u>	<u>116,697,704</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	70,913,006		70,913,006
Other O&M	21,532,698		21,532,698
Total O&M	<u>92,445,704</u>		<u>92,445,704</u>
Depreciation	8,365,365		8,365,365
Taxes Other Than Income	2,039,599		2,039,599
Income Taxes	2,185,562	1,724,154 2/	3,909,716
Total Expenses	<u>105,036,230</u>	<u>1,724,154</u>	<u>106,760,384</u>
Operating Income	<u>\$7,100,400</u>	<u>\$2,836,920</u>	<u>\$9,937,320</u>
Rate Base	<u>\$136,370,517</u>		<u>\$136,370,517</u>
<hr/>			
Rate of Return	<u>5.207%</u>		<u>7.287%</u>
<hr/>			
Projected 2018			
Long Term Debt	43.036%	5.282%	2.273%
Short Term Debt	5.968%	2.831%	0.169%
Preferred Stock	0.000%	0.000%	0.000%
Common Equity	50.996%	9.500%	4.845%
Total	<u>100.000%</u>		<u>7.287%</u>

1/ Page 4.

2/ Reflects state and federal taxes at 37.8015%.

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
GAS UTILITY - NORTH DAKOTA
TWELVE MONTHS ENDING DECEMBER 31, 2016
PROJECTED 2017 - 2018
- INTERIM -
AS FILED

	Per Books 2016	Projected 2017	Projected 2018
Operating Revenues			
Sales	\$85,592,333	\$104,625,055	\$106,410,946
Transportation	2,147,629	2,197,896	2,197,896
Other	4,146,114	3,524,931	3,527,788
Total Revenues	<u>91,886,076</u>	<u>110,347,882</u>	<u>112,136,630</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	51,338,373	69,713,908	70,913,006
Other O&M	20,248,295	20,995,685	21,532,698
Total O&M	<u>71,586,668</u>	<u>90,709,593</u>	<u>92,445,704</u>
Depreciation and Amortization	7,630,836	7,985,599	8,365,365
Taxes Other Than Income	1,901,169	1,960,214	2,039,599
Current Income Taxes	3,985,618	2,421,725	2,185,562 1/
Deferred Income Taxes	(1,249,456)		
Total Expenses	<u>83,854,835</u>	<u>103,077,131</u>	<u>105,036,230</u>
Operating Income	<u>\$8,031,241</u>	<u>\$7,270,751</u>	<u>\$7,100,400</u>
Rate Base	<u>\$126,663,497</u>	<u>\$131,973,661</u>	<u>\$136,370,517</u>
Rate of Return	<u>6.341%</u>	<u>5.509%</u>	<u>5.207%</u>
Return on Equity	<u>7.756%</u>	<u>6.067%</u>	<u>5.422%</u>

1/ See page 5.

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF INCOME TAXES
GAS UTILITY - NORTH DAKOTA
PROJECTED 2017 - 2018
- INTERIM -
AS FILED

	Projected	
	2017	2018
Operating Revenues		
Sales Revenues	\$104,625,055	\$106,410,946
Transportation Revenue	2,197,896	2,197,896
Other Revenues	3,524,931	3,527,788
Total Operating Revenues	<u>110,347,882</u>	<u>112,136,630</u>
Operating Expenses		
Operation and Maintenance		
Cost of Gas	\$69,713,908	\$70,913,006
Other O&M	20,995,685	21,532,698
Total O&M	<u>90,709,593</u>	<u>92,445,704</u>
Depreciation and Amortization Expense	7,985,599	8,365,365
Taxes other Than Income	1,960,214	2,039,599
Total Operating Expenses	<u>100,655,406</u>	<u>102,850,668</u>
Gross Operating Income	\$9,692,476	\$9,285,962
Adjustments to Taxable Income:		
AFUDC Equity Add Back	\$59,300	\$59,300
Permanent Additions	37,500	37,500
Interest	(3,111,939)	(3,330,168)
Total Adjustments to Taxable Income	<u>(3,015,139)</u>	<u>(3,233,368)</u>
Taxable Income	\$6,677,337	\$6,052,594
Federal & State Income Taxes	2,524,134	2,287,971
Full Normalization	(102,409)	(102,409)
Total Income Taxes	<u>\$2,421,725</u>	<u>\$2,185,562</u>

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
CALCULATION OF INTERIM REVENUE INCREASE
REFLECTS 21% FEDERAL TAX RATE**

Rate Class	Projected 2018 1/					Interim Increase 2/	
	Billing Units	Dk	Distribution Revenues	Gas Costs	Total Revenues	Increase in Revenues	% Increase
Residential	96,792	8,826,214	\$22,762,526	\$35,438,763	\$58,201,289	\$1,674,639	2.877%
Firm General Service	15,560	8,035,663	11,785,787	32,286,200	44,071,987	867,080	1.967%
Air Force							
Firm	1	32,523	12,800	130,449	143,249	942	
Interruptible	2	457,577	107,091	1,354,520	1,461,611	7,879	
Total Air Force	3	490,100	119,891	1,484,969	1,604,860	8,821	0.550%
Small Interruptible							
Sales	92	572,872	830,234	1,702,576	2,532,810	61,080	
Transportation	63	1,104,513	870,115	0	870,115	64,014	
Total Small IT	155	1,677,385	1,700,349	1,702,576	3,402,925	125,094	3.676%
Large Interruptible							
Sales	0	0	0	0	0	0	
Transportation	6	4,321,943	1,327,781	0	1,327,781		
Less: Contracts 3/	3	3,990,402	1,168,206	0	1,168,206		
	3	331,541	159,575	0	159,575	11,740	
Total Large IT	6	4,321,943	1,327,781	0	1,327,781	11,740	0.884%
Total North Dakota	112,516	23,351,305	\$37,696,334	\$70,912,508	\$108,608,842	\$2,687,374	2.474%

Less: Large IT Transport Contract Distribution Rev 3/ 1,168,206
\$36,528,128

Interim Increase 4/ \$2,687,424
7.357% Increase

1/ Statement N, Page 2.

2/ Interim increase allocated to non-gas components. Percentage increase applied to distribution components only.

3/ Interim increase not applicable to Large Interruptible Transportation Service contracts.

4/ Page 1, Appendix B.

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
RATE 60 BILL COMPARISON - INTERIM
RESIDENTIAL GAS SERVICE**

<u>Month</u>	<u>Dk</u>	<u>Present Rate 1/</u>	<u>Proposed Rate</u>	<u>Amount of Increase</u>	<u>% Increase</u>
January	16	\$84.15	\$85.62	\$1.47	1.75%
February	15	78.21	79.54	1.33	1.70%
March	12	68.11	69.58	1.47	2.16%
April	9	55.43	56.85	1.42	2.56%
May	5	40.03	41.50	1.47	3.67%
June	2	27.35	28.77	1.42	5.19%
July	2	28.00	29.47	1.47	5.25%
August	2	28.00	29.47	1.47	5.25%
September	2	27.35	28.77	1.42	5.19%
October	4	36.02	37.49	1.47	4.08%
November	10	59.44	60.86	1.42	2.39%
December	12	68.11	69.58	1.47	2.16%
Total	91	\$600.20	\$617.50	\$17.30	2.88%

Average Increase per Month \$1.44

<u>Rate 60</u>	<u>Current 1/</u>	<u>Proposed</u>
Basic Delivery Charge	\$0.6443	\$0.6443
Projected Cost of Gas	4.011	\$4.011
Interim Rate		7.357%

1/ Rate effective May 1, 2017