

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
2020 Natural Gas Rate Increase
Application**

Case No. PU-20-379

ORDER ON INTERIM RATES

December 16, 2020

Preliminary Statement

On August 26, 2020, Montana-Dakota Utilities Co. (Montana-Dakota) and Great Plains Natural Gas Co. (Great Plains) filed with the Commission a combined increase in rates for natural gas service (Combined Final Rate Increase).

On August 26, 2020, Montana-Dakota and Great Plains filed with the Commission a combined interim rate increase for natural gas service (Combined Interim Rate Increase).

On September 23, 2020, the Commission suspended the rates.

On November 19, 2020, Commission Advocacy Staff filed comments regarding the Combined Interim Rate Increase.

Discussion

The Combined Final Rate Increase is based on revenue requirements for a projected 2021 test year. The final rate change would result in a 2021 increase in annual revenue of \$8,972,426, or a 7.8% increase in annual revenue.

The increase for a Montana-Dakota residential customer using 88 dekatherms (dK) per year is \$75.13 (\$6.26 per month average), which is a 12.5% increase. The overall increase for a Great Plains residential customer using 80 dK per year is \$49.25 (\$4.10 per month average), which is a 10.45% increase.

Even though the Commission suspended the rates, a company filing for a rate increase is entitled to an interim rate increase under North Dakota Century Code section 49-05-06(2). The interim rate increase must meet certain criteria including: 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.

The Combined Interim Rate Increase is an increase in annual revenue of \$6,893,176, or a 6% increase in annual revenue. When applied to the non-fuel portion of the bill, the increase is 17.116%.

The interim increase for a Montana-Dakota residential customer using 88 dK per year is \$42.85 (\$3.57 per month average), which is a 7.13% increase. The interim increase for a Great Plains residential customer using 80 dK per year is \$21.26 (\$1.77 per month average), which is a 4.51% increase.

Montana-Dakota and Great Plains requested that implementation of interim rates be delayed until January 1, 2021 to reduce the impact on customers and also to allow MDU to begin to earn a reasonable rate of return.

The interim increase amount will be shown as a separate line item on a customer's bill.

Commission Advocacy Staff states that Montana-Dakota's interim increase complies with North Dakota Century Code section 49-05-06(2) regarding an interim rate increase.

The Commission finds that the Combined Interim Rate Increase complies with North Dakota Century Code section 49-05-06(2) regarding an interim rate increase.

In the event the interim rate amounts collected by Montana-Dakota and Great Plains are in excess of final rates approved by the Commission, Montana-Dakota and Great Plains are 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. The request of Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. for interim rates to increase annual revenue collections by \$6,893,176 is APPROVED.
2. Interim rates are effective for service rendered on or after January 1, 2021.

PUBLIC SERVICE COMMISSION

		
Julie Fedorchak Commissioner	Brian Kroshus Chairman	Randy Christmann Commissioner