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From: Brenda Vitek <bvitek@esattorneys.com>
Sent: Wednesday, March 24, 2021 3:49 PM
To: -Info-Public Service Commission; Dawson, Timothy J.; Johnson, Brian L.;
dtschider@tschider-smithlaw.com; john@johncoffman.net
Cc: travis.jacobson@mdu.com; Karl.Liepitz@MDUResources.com; Paul Sanderson
Subject: RE: MDU 2020 Natural Gas Rate Increase: Case No: PU-20-379
Attachments: Exhibit No. MDU-22.pdf; Exhibit No. MDU-24.pdf; Exhibit No. MDU-25.pdf; Exhibit No.
MDU-26.pdf; Affidavit of Service - Exhibits.pdf

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Attached for service and filing are Exhibits MDU-22; MDU-24; MDU-25; and MDU-26.

Thanks.

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92 PU-20-379 Filed 03/24/2021 Pages: 25
Email with attached proposed MDU Exhibits 22, 24, 25, and 26
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Dated today, March 24, 2021.

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By: /s/ Paul Sanderson
Paul R. Sanderson (ID# 05830)

**Montana-Dakota Utilities Co.
 Gas Utility - North Dakota
 Energy Consumption Comparison to Jurisdictions
 with Utility Conservation Programs**

Test Year	Average dk per Residential Customer					
	MDU-ND	GP-ND 1/	SD	MT	MN-South	MN-North
2019	88	80		80		
2018					81	2/ 81
2017						
2016	91			80	71	78
2015						
2014			72			
2013				85		
2012	92					
2011			75			
2010						
2009						
2008						
2007						
2006						
2005						
2004						
2003	110		86	110	100	100
2002						
2001	110		86	96	110	110

1/ Past average consumption for Wahpeton did not differentiate between residential and firm general customers and have thus been excluded from this table.
 2/ Proposed consolidation of Minnesota districts in 2019 GRC.





North Dakota Gas Rate Case Filing

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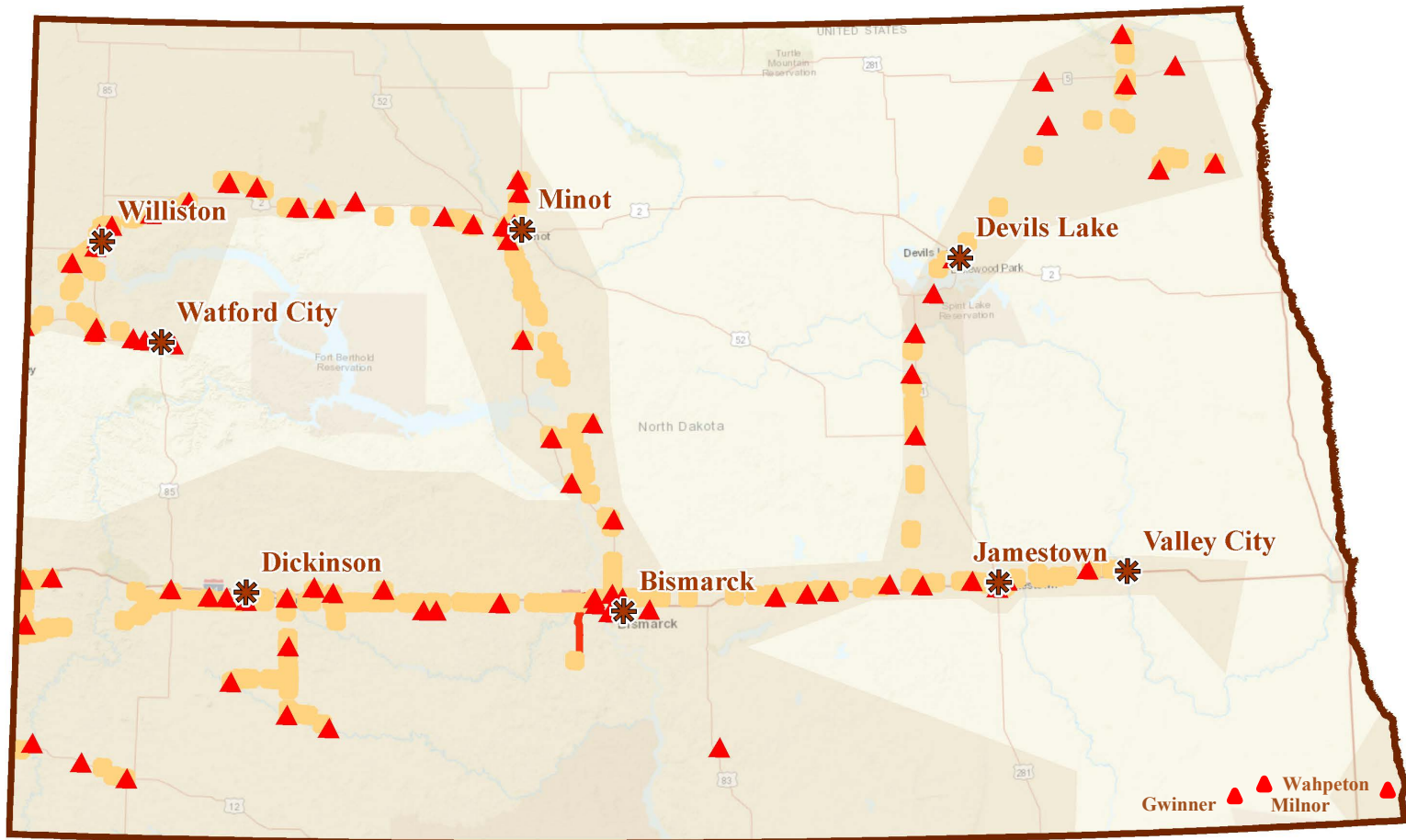
Case No. PU-20-379

Exhibit No. MDU-24

**ND PSC Hearing
March 17, 2021**



North Dakota Gas Service Area



• *115,000 customers - 99,000 residential*

• *75 communities - 518 employees*

Primary Reasons for Increase

Plant in service by year end 2021 is \$336 million

\$65 million more than the last Commission review

- Replace aging infrastructure
- Enhance reliability

Increased operating expenses

Application for Increase in Natural Gas Service Price

Original Application

Application filed
August 26, 2020

Requested
increase of \$9.0
million in annual
revenues

7.8% overall
increase

Settlement Agreement with Advocacy

9.3% ROE

Increase of
\$6.9 million in
annual
revenue

6.0% overall
increase

Effect on Customer

	Revenue Increase
Residential - MDU	10.1%
Residential - GPNG	9.2%
Firm General Service - MDU	1.7%
Firm General Service - GPNG	3.6%
Air Force Delivery	2.0%
Small Interruptible	1.9%
Large Interruptible	0.7%
Overall Increase	6.0%

Average Residential Customer Increase:
MDU: +\$5.06/mo GPNG: +\$3.36/mo



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North Dakota Gas Rate Case Filing

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Case No. PU-20-379

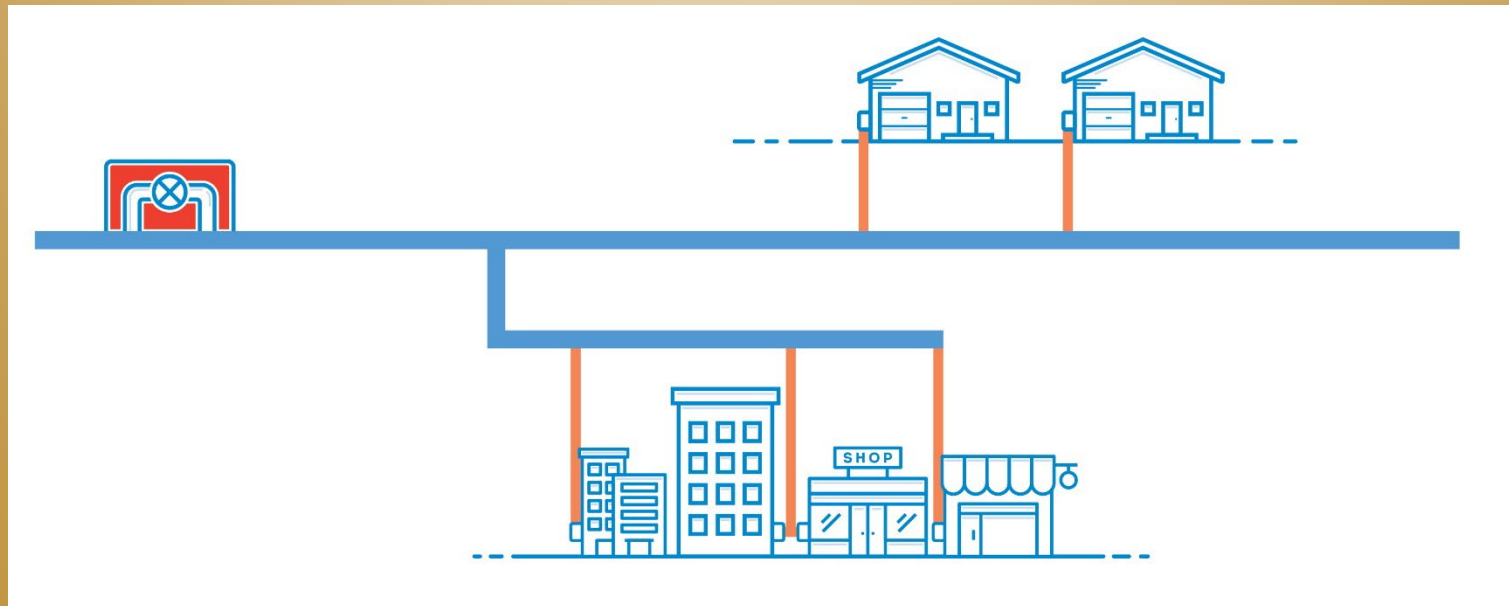
Exhibit No. MDU-25

**ND PSC Hearing
March 17, 2021
Pat Darras**



System Safety & Integrity

- 2,752 miles of distribution pipe and 115,953 service lines in ND
- Approximately 25% installed before 1970
- System undergoes systematic testing - replacement is necessary because of age & obsolescence



System Safety & Integrity Planning Process

DIMP

- Distribution Integrity Program (DIMP)
- Engineering & Field Mgmt Expertise

SME

- Internal Subject Matter Experts (SME)
- GTI Contract

SSIP

- Identify Pipe Segments to Replace
- Plan and Prioritize Projects

Major Capital Projects

Richardton

Barlow

Cleveland

Eldridge

Fairview

Taylor

Gladstone

Glen Ullin

New Salem

Dickinson



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North Dakota Gas Rate Case Filing

Case No. PU-20-379

Exhibit No. MDU-26

ND PSC Hearing
March 17, 2021
Ron Amen



Cost of Service

Purpose of an Allocated Class Cost of Service Study

- It is a practical requirement of regulation since rates must be set based on the cost of service for the utility under cost-based regulatory models.
- Cost of service studies analyze which customer or group of customers cause the utility to incur the costs to provide service.
- Provides cost information to help determine the allocation of Montana-Dakota's revenue requirement among its customer classes.
- A useful tool for rate design - identifies the important cost drivers associated with serving customers and satisfying their design day demands.

Cost of Service

Cost Drivers for the Company's class Cost of Service Study

- Utility costs may be fixed or variable in nature:
 - Fixed costs do not change with the level of throughput.
 - Variable costs change directly with changes in throughput.
- Most non-gas related utility costs are fixed and do not vary with changes in customers' loads, including the cost of distribution mains, service lines, meters, and regulators.
- The distribution assets of a gas utility do not vary with the level of annual throughput.
- Over time, distribution main costs vary with either growing design day demand or a growing number of customers.

Cost of Service

Results at Current Rates and Settlement Revenue Allocation by Class

	Total North Dakota	Total Residential	Total Small Firm General	Total Large Firm General	Total Air Force Delivery	Total Small Interruptible	Total Large Interruptible	Total MAFB Distribution
Revenue to Cost Ratio Under Current Rates	0.86	0.77	0.88	0.98	0.81	1.02	1.74	2.19
Revenues at Equalized Rates of Return								
Revenue Increase	6,886,090	7,082,253	599,140	224,963	26,407	(38,962)	(759,786)	(247,924)
Parity Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Equal Percentage Increase								
Revenue Increase	6,886,090	3,999,055	742,679	1,471,011	18,146	286,523	293,708	74,968
Parity Ratio	1.00	0.90	1.03	1.14	0.94	1.19	2.03	2.55
Settlement Increase: Min. 25% of System Avg								
Revenue Increase	6,886,090	5,934,144	599,140	224,963	26,407	74,499	26,938	0
Parity Ratio	1.00	0.96	1.00	1.00	1.00	1.07	1.77	2.19

Effect on Customer

	Revenue Increase
Residential - MDU	10.1%
Residential - GPNG	9.2%
Firm General Service - MDU	1.7%
Firm General Service - GPNG	3.6%
Air Force Delivery	2.0%
Small Interruptible	1.9%
Large Interruptible	0.7%
Overall Increase	6.0%

Average Residential Customer Increase:
MDU: +\$5.06/mo GPNG: +\$3.36/mo

Updated Residential Prices

MDU

GPNG

	Current	Settlement	Current	Settlement
Basic Service Charge (Per Day)	\$0.6860	\$0.8523	\$3.50/mo	\$0.250
Basic Service Charge (Ave Mo.)	\$20.87	\$25.93	\$3.50	\$7.60
Distribution Chg (First 10 Dk)			\$1.072	\$0.917
Distribution Chg (Over 10 Dk)			\$0.822	\$0.917
Cost of Gas (Per Dk)	\$3.984	\$3.984	\$4.3408	\$4.3408

Residential Bill Comparison - MDU

Typical Users (88 Dk)

MDU

AARP

Month	DK	Mo. Price	Change	Mo. Price	Change
January	15	\$86.18	\$5.15	\$91.38	\$10.35
February	15	83.62	4.65	89.32	10.35
March	12	74.23	5.16	77.36	8.29
April	9	61.43	4.99	62.65	6.21
May	5	46.34	5.15	44.64	3.45
June	2	33.54	4.99	29.93	1.38
July	1	30.41	5.16	25.94	0.69
August	1	30.41	5.16	25.94	0.69
September	2	33.54	4.99	29.93	1.38
October	4	42.36	5.16	39.96	2.76
November	9	61.43	4.99	62.65	6.21
December	13	78.21	5.15	82.03	8.97
Total	88	\$661.70	\$60.70	\$661.73	\$60.73

Residential Bill Comparison - MDU

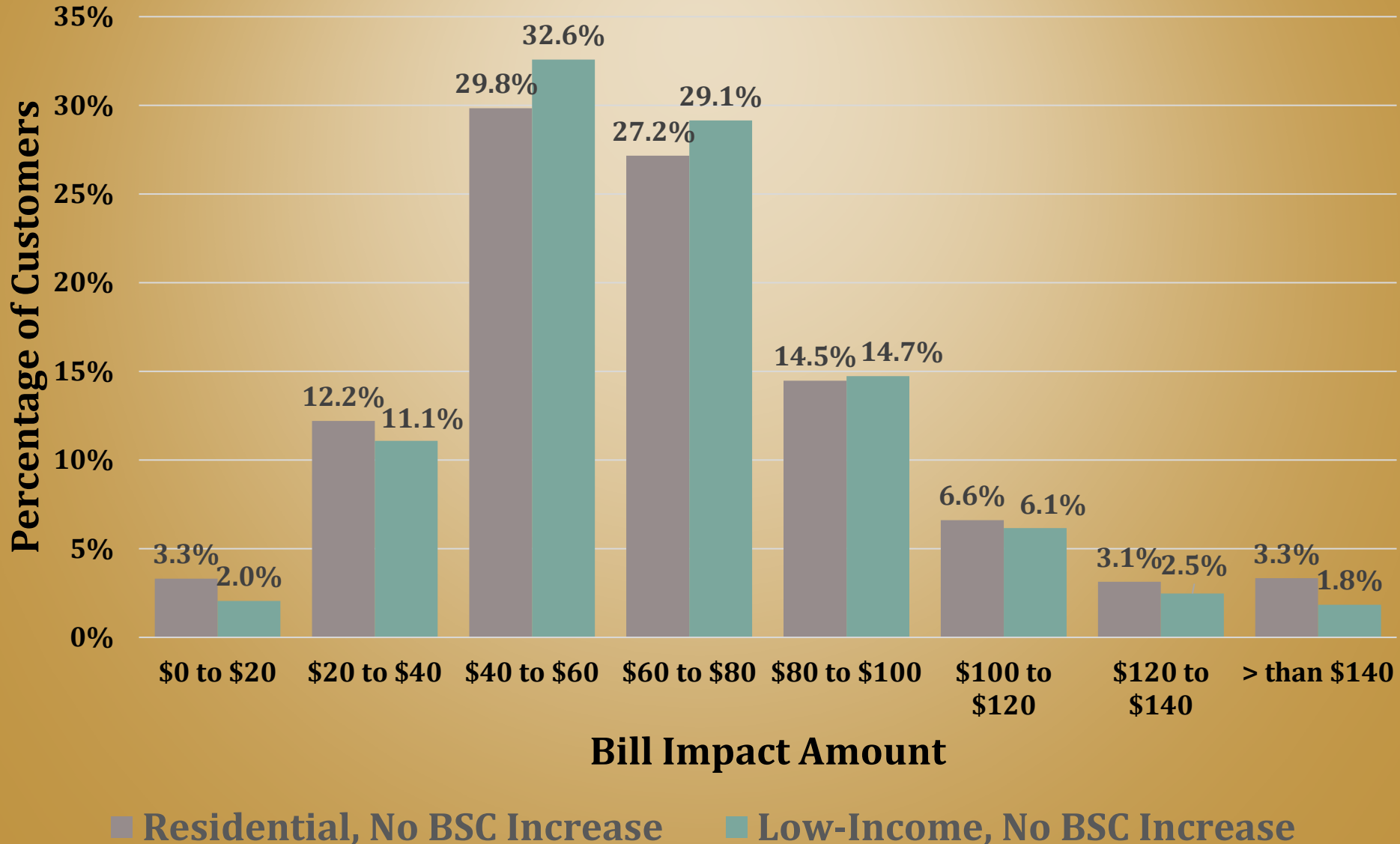
High Users (200 Dk)

MDU

AARP

Month	DK	Mo. Price	Change	Mo. Price	Change
January	30	\$145.94	\$5.15	\$161.49	\$20.70
February	37	171.27	4.65	192.15	25.53
March	34	161.88	5.16	180.19	23.47
April	18	97.28	4.99	104.72	12.43
May	11	70.25	5.16	72.68	7.59
June	6	49.47	4.99	48.63	4.15
July	5	46.34	5.15	44.64	3.45
August	5	46.34	5.15	44.64	3.45
September	5	45.49	4.99	43.95	3.45
October	9	62.28	5.16	63.33	6.21
November	18	97.28	4.99	104.72	12.43
December	22	114.07	5.16	124.10	15.19
Total	200	\$1,107.89	\$60.07	\$1,185.24	\$138.05

Annual Bill Impact By Customer





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