

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

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

Case No. PU-20-379

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

May 5, 2021

Commissioners Julie Fedorchak, Randy Christmann and Brian Kroshus

Paul Sanderson, Evenson Sanderson, PC, 1100 College Drive, Suite 5, Bismarck, ND 58501, appearing on behalf of Montana-Dakota Utilities Co.

Brian L. Johnson, Legal Counsel, Public Service Commission, State Capitol, 600 E. Boulevard Avenue, Bismarck, ND 58505, appearing on behalf of Public Service Commission Advocacy Staff.

John B. Coffman, John B. Coffman, LLC, 871 Tuxedo Blvd., St. Louis, MO 63119-2044, and David Tschider, Tschider & Smith, 418 E. Rosser Ave., Suite 200, Bismarck, ND 58501, appearing on behalf of AARP.

John M. Schuh, General Counsel, Public Service Commission, State Capitol, 600 E. Boulevard Avenue, Bismarck, North Dakota 58505, appearing on behalf of the Public Service Commission Advisory Staff.

Timothy J. Dawson, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, North Dakota 58503 as Procedural Hearing Officer.

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. Montana-Dakota and Great Plains rate increase results in an annual increase in its annual North Dakota natural gas service revenue of \$8,972,426 or 7.80 percent.

On August 26, 2020, Montana-Dakota submitted an Application and Notice for an interim increase in gas rates in the annual amount of \$6,893,176 to be effective January 1, 2021.

On September 23, 2020, the Public Service Commission ("Commission") suspended Montana-Dakota's general rate increase application by motion.

On November 3, 2020, AARP filed a Petition to Intervene. On November 17, 2020, the Administrative Law Judge granted the petition to intervene of AARP.

On December 16, 2020, the Commission issued an Order approving an interim rate increase of \$6,893,176 to become effective for service rendered on or after January 1, 2021.

On January 6, 2021, the Commission issued a Notice of Public Input Sessions and Hearing, scheduling public input sessions for March 2, 2021, and scheduling the formal hearing for March 17, 2021.

The Notice identified the issues to be considered are:

1. What is the value of MDU's and Great Plains' property, used and useful, for the service and convenience of the public in North Dakota?
2. What is MDU's and Great Plains' rate of return on its property, used and useful, for the service and convenience of the public in North Dakota?
3. What is a just and reasonable rate of return on MDU's and Great Plains' property, used and useful, for the service and convenience of the public in North Dakota?
4. What rates and charges are necessary to provide a just and reasonable rate of return on MDU's and Great Plains' property, used and useful, for the service and convenience of the public in North Dakota?
5. Are MDU's and Great Plains' proposed rate schedules designed in such a manner that they result in a basis of charge to its customers that is just and reasonable without discrimination?

On February 12, 2021, Montana-Dakota filed rebuttal testimony seeking to reduce its requested annual revenue requirement increase from \$8,972,496 to \$7,709,931.

On March 11, 2021, Montana-Dakota and the Public Service Advocacy Staff ("Advocacy Staff") filed with the Commission a Settlement Agreement.

On March 17 and 18, 2021, the public hearing was held as scheduled in the Commission Hearing Room, State Capitol, 600 E. Boulevard Avenue, 12th Floor, Bismarck, North Dakota 58505.

On April 9, 2021, Montana-Dakota, Advocacy Staff, and AARP entered into a Unanimous Settlement Agreement ("USA") to resolve all the issues in this proceeding. A

copy of the USA is attached as Exhibit No. 1. The USA provides for implementation of a net increase in natural gas rates for retail customers in North Dakota to yield a net annual revenue increase of \$6,886,091, or an overall increase in rates of 6.0%, effective upon a final order in this proceeding. This revenue increase is based upon a return on equity of 9.3 percent and a return on rate base of 6.851 percent.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. Montana-Dakota is a Delaware corporation, duly authorized to provide natural gas service to retail customers in North Dakota.
2. The USA proposes a net increase in Montana-Dakota's natural gas rates for retail customers in North Dakota to yield an annual revenue increase of \$6,886,091 effective upon a final order in this proceeding. This represents an overall increase in rates of 6.0%.
3. The USA proposes a return on equity of 9.30 percent effective upon a final order in this proceeding resulting in an overall rate of return of 6.851 percent based on the following capital structure:

| | | | |
|-----------------|-----------------|--------|---------------|
| Long Term Debt | 42.370% | 4.718% | 1.999% |
| Short Term Debt | 7.324% | 2.378% | 0.174% |
| Common Equity | <u>50.306%</u> | 9.300% | <u>4.678%</u> |
| Total | <u>100.000%</u> | | <u>6.851%</u> |

4. The USA proposes the following allocation of revenues resulting in an increase by rate class as described below:

| Customer Class | % |
|-----------------------|--------------------|
| Residential Service | 8.4% |
| Firm General Service | 3.7% |
| Air Force Delivery | 2.7% |
| Small Interruptible | 2.9% |
| Large Interruptible | <u>0.9%</u> |
| Overall | <u>6.0%</u> |

Residential customers will receive an annual revenue increase of \$4,943,556. The average monthly increase for a residential customer will be \$4.21 for a Montana-Dakota residential customer and \$3.62 for a Great Plains residential customer.

5. The USA proposes that all revenue increases for the Residential Class be collected through an increase to the fixed basic service charge, which amounts to \$0.8244 per day or \$25.06 per month under Montana-Dakota's Residential Rate 60.

6. The USA proposes a reduction of \$193,851 from Montana-Dakota's requested requirement for incentive compensation.

7. The USA proposes a five-year average of Montana-Dakota's uncollectible accounts, which results in a reduction of \$11,474 from the amount Montana-Dakota requested in its Application.

8. The USA proposes a reduction of \$12,878 from Montana-Dakota's revenue requirement representing the franchise fee charged by the City of Hettinger. Upon implementation of rates, the Hettinger franchise fee will be billed directly to Hettinger customers rather than as a component of the North Dakota gas operations revenue requirement.

9. The USA proposes that implementation of Phase II of rates for Great Plains' customers will not occur until Montana Dakota's next filed gas rate increase case with the Commission.

10. The USA proposes that Montana-Dakota will make a change to Firm Gas Service Extension Policy Rate 120(A)(2) changing the word "may" to "shall" in Section A(2). In addition, Montana-Dakota and Advocacy Staff will collectively modify Rate 120 tariff in a way that mutually addresses the needs of the Company and ensures North Dakota natural gas customers are not subsidizing growth projects in Montana-Dakota's service territory. The Company will submit mutually agreeable tariff revisions no later than January 1, 2022.

From the foregoing Findings of Fact, the Commission makes the following:

Conclusions of Law

1. The Commission has jurisdiction in these proceedings.

2. The rates proposed by the USA are necessary to provide a just and reasonable rate of return on Montana-Dakota's property, used and useful, for the service and convenience of the public in North Dakota.

3. The rates proposed by USA are designed to result in a basis of charge to customers that are just and reasonable without discrimination.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes the following:

Order

The Commission Orders:

1. The Unanimous Settlement Agreement, attached to this Order and made a part of this Order, is adopted and approved in its entirety.
2. Except as specifically modified by this Order, the Application of Montana-Dakota to increase its North Dakota natural gas service rates is adopted and approved in its entirety.
3. Montana-Dakota shall file, for Commission approval, compliance rate schedules consistent with this Order.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chair


Brian Kroshus
Commissioner

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

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

Case No. PU-20-379

UNANIMOUS SETTLEMENT AGREEMENT

This Unanimous Settlement Agreement is entered into by and between Montana-Dakota Utilities Co. ("Montana-Dakota" or "Company"), the Advocacy Staff of the North Dakota Public Service Commission ("Advocacy Staff") and AARP (collectively the "Settling Parties"). The Settling Parties agree this Settlement Agreement, if approved by the Public Service Commission ("Commission"), would resolve all outstanding expense, revenue, rate base, return, and rate design issues in this case between the Settling Parties in a manner consistent with the public interest and will result in just and reasonable rates for the Company's gas service in North Dakota.

PROCEDURAL HISTORY

1. On August 26, 2020, Montana-Dakota filed an application to increase its rates for natural gas service in North Dakota to provide additional annual revenue of \$8,972,496, or a 7.80 percent increase over current rates. Filed with the Application were revised tariffs, direct testimony, exhibits and supporting statements.
2. Montana-Dakota concurrently submitted an Application and Notice for an interim increase in gas rates in the annual amount of \$6,893,176 to be effective January 1, 2021.
3. The Commission suspended Montana-Dakota's general rate increase

application by motion on September 23, 2020.

4. A Petition to Intervene was filed by AARP on November 3, 2020. On November 17, 2020, the Administrative Law Judge granted the petition to intervene of AARP.

5. On December 16, 2020, the Commission issued an Order approving an interim rate increase of \$6,893,176 to become effective for service rendered on or after January 1, 2021.

5. On January 6, 2021, the Commission issued a Notice of Public Input Sessions and Hearing, scheduling public input sessions for March 2, 2021, and scheduling the formal hearing for March 17, 2021.

6. On February 12, 2021, Montana-Dakota filed rebuttal testimony seeking to reduce its requested annual revenue requirement from \$8,972,496 to \$7,709,931.

7. On March 17 and 18, 2021, a public hearing was held as scheduled in the Commission Hearing Room in the State Capitol.

8. Subsequent to the public hearing, settlement discussions were held between the Settling Parties pursuant to the Commission's Settlement Guidelines dated January 4, 1995. As a result of the settlement discussions, the Settling Parties reached this Settlement Agreement.

9. The Settlement Agreement is supported by the administrative record. Accordingly, the Settling Parties jointly recommend the Commission issue an Order approving this Settlement Agreement in its entirety, without conditions or modifications.

TERMS OF SETTLEMENT AGREEMENT

1. Overall Revenue Increase. The Settling Parties agree to, and recommend the Commission approve, a net increase in Montana-Dakota's gas rates for retail customers in North Dakota to yield an annual revenue increase of \$6,886,091 effective upon a final order in this proceeding. This represents an overall increase in rates of 6.0%. The change between the Company's request as amended in rebuttal and the amount agreed to herein is attributable to the following adjustments:

| | |
|---|--------------------|
| Montana-Dakota's Rebuttal Revenue Requirement | \$7,709,931 |
| 5-Year Average of Net Write Offs | (\$11,474) |
| Hettinger Franchise Fee | (12,878) |
| Return on Equity - 9.30% | (605,637) |
| 50% of Incentive Compensation | (193,851) |
| Joint Settlement Agreement Revenue Requirement | <u>\$6,886,091</u> |
| Settlement Rate Base (Millions) | \$181.68 |

2. Return on Equity. The Settling Parties agree to, and recommend the Commission approve, a return on equity of 9.30 percent effective upon a final order in this proceeding resulting in an overall rate of return of 6.851 percent based on the following capital structure:

| | | | |
|-----------------|-----------------|--------|---------------|
| Long Term Debt | 42.370% | 4.718% | 1.999% |
| Short Term Debt | 7.324% | 2.378% | 0.174% |
| Common Equity | <u>50.306%</u> | 9.300% | <u>4.678%</u> |
| Total | <u>100.000%</u> | | <u>6.851%</u> |

The Settling Parties agree a 9.30 percent return on equity is well within a reasonable range of recently authorized returns on equity granted nationally and on an individual state basis as shown in Exhibit A of this Settlement Agreement.

3. Revenue Allocation. The Settling Parties agree to the following allocation of revenues resulting in an increase by rate class as described below.

| <u>Customer Class</u> | <u>%</u> |
|-----------------------|-------------|
| Residential Service | 8.4% |
| Firm General Service | 3.7% |
| Air Force Delivery | 2.7% |
| Small Interruptible | 2.9% |
| Large Interruptible | 0.9% |
| Overall | <u>6.0%</u> |

Residential customers will receive an annual revenue increase of \$4,943,556. The average monthly increase for a residential customer will be \$4.21 for a Montana-Dakota residential customer and \$3.62 for a Great Plains residential customer. The allocation of revenue specified above is presented in more detail, along with the resulting rates, in Exhibit B of this Settlement Agreement.

4. Residential Basic Service Charge. The Settling Parties agree to, and recommend the Commission approve, that all revenue increases for the Residential Class be collected through an increase to the fixed basic service charge, which amounts to \$0.8244 per day or \$25.06 per month under Montana-Dakota's Residential Rate 60.

AARP is agreeable to this resolution of the residential rate design in consideration for the overall settlement reached in this case. AARP does not concede to “straight fixed variable” rate design as a matter of ratemaking policy, and it reserves the right to challenge such rate design methods in future rate cases.

5. Incentive Compensation. The Settling Parties agree to, and recommend the Commission approve a reduction of \$193,851 from Montana-Dakota’s requested requirement for incentive compensation.

6. Uncollectible Account Expense. The Settling Parties agree to, and recommend the Commission approve, a five-year average of Montana-Dakota’s net write offs, which results in a reduction of \$11,474 from the amount Montana-Dakota requested in its Application.

7. Hettinger Franchise Fee. The Settling Parties agree to, and recommend the Commission approve, a reduction of \$12,878 from Montana-Dakota’s revenue requirement representing the franchise fee charged by the City of Hettinger. Upon implementation of rates, the Hettinger franchise fee will be billed directly to Hettinger customers rather than as a component of the North Dakota gas operations revenue requirement.

8. Implementation of Great Plains Rates. The Settling Parties agree to, and recommend the Commission approve, that implementation of Phase II of rates for Great Plains’ customers not occur until Montana Dakota’s next filed rate case with the Commission.

9. Line Extension Tariff. The Settling Parties agree that Montana-Dakota will

make a change to Firm Gas Service Extension Policy Rate 120(A)(2) changing the word “may” to “shall” in Section A(2). In addition, Montana-Dakota and Advocacy Staff agree to collectively modify Rate 120 tariff in a way that mutually addresses the needs of the Company and ensures North Dakota natural gas customers are not subsidizing growth projects in Montana-Dakota’s service territory. The Company shall submit mutually agreeable tariff revisions no later than January 1, 2022.

OTHER TERMS AND CONDITIONS

A. Basis of Settlement. It is agreed this Settlement Agreement is a negotiated settlement agreement subject to approval by the Commission. This Settlement Agreement does not establish any principle or precedent, nor adopt or recommend any specific type or amount of expense or rate base for this or any future proceeding, nor any principle or precedent regarding rate design methodology.

B. Effect of the Settlement Negotiations. It is understood and agreed that all offers of settlement and discussions related to this Agreement are privileged and may not be used in any manner in connection with proceedings in this case or otherwise, except as provided by law. In the event the Commission does not approve this Settlement Agreement, it shall not constitute part of the record in this proceeding and no part thereof may be used by any party for any purpose in this case or otherwise.

C. Interim Rate Refund. Interim rates in the amount of \$6,893,176 were implemented January 1, 2021. The Settlement Revenue Requirement, if approved, is \$6,886,091. On an annual basis, the difference would equate to approximately \$7,085.

Assuming an May 1, 2021 effective date for final rates, Montana-Dakota will have over collected less than \$2,500 or a refund of approximately \$0.02 per customer. The cost of refunding will likely exceed the value of the refund. Therefore, the Settling Parties recommend no refund of the *de minimis* over-collection.

D. Applicability and Scope. This Settlement Agreement shall be binding on the Settling Parties, and their successors, assigns, agents, and representatives. Consistent with the Commission's settlement guidelines, this Settlement Agreement does not set policy or overturn precedent. This Settlement Agreement shall not in any respect constitute an agreement, admission or determination by any of the Settling Parties as to the merits of any specific allegation or contention made by the Settling Parties in this proceeding.

E. Effective Date. This Settlement Agreement shall be effective on the date of the Commission Order approving the Settlement Agreement. The revised rates and tariffs agreed to by this Settlement Agreement shall be effective on the dates specified herein.

F. Modification. If the Commission's Order modifies or conditions approval of this Settlement Agreement, it shall be deemed terminated if any Settling Party files a letter with the Commission within three (3) business days of notice of such Order stating that a condition or modification to the Settlement Agreement is unacceptable to such party.

G. Suspension. On September 23, 2020, the Commission approved a motion to suspend the rates filed in this case. The Settling Parties agree to suspend the rate, classification, contract, practice, or rule beyond the time it would otherwise go into effect, and beyond six months, pursuant to N.D.C.C. § 49-05-06 while the Commission considers

this matter. Further, if the Commission's order modifies or declines this Settlement, the Settling Parties agree to extend the suspension until such time as these proceedings are concluded.

CONCLUSION

The Settling Parties agree the terms of this Settlement Agreement are a result of negotiations between the Settling Parties, are in the public interest and will result in reasonable gas rates. For these reasons, the Settling Parties urge the Commission to approve the Settlement Agreement.

Dated this 9th day of April 2021.

MONTANA-DAKOTA UTILITIES CO.

By: Garret Senger

Its: Garret Senger
EVP Regulatory Affairs

Dated this 9th day of April 2021.

**NORTH DAKOTA PUBLIC SERVICE
ADVOCACY STAFF**

By:  _____

Its: *Special Assistant Attorney General
for PSC*

Dated this 9th day of April, 2021.

AARP

By: John B. Coffman
Its: Attorney

Montana-Dakota Utilities Co.
Application for Increase in Natural Gas Rates
Case No. PU-20-379

Settlement Agreement

Authorized Return on Equity - Natural Gas

| National Average | |
|-------------------------|-------|
| 2020 | 9.46% |
| 2019 | 9.71% |

| State Averages - 2020 | |
|------------------------------|-------|
| Arizona | 9.10% |
| Colorado | 9.20% |
| Florida | 9.90% |
| Kansas | 9.40% |
| Massachusetts | 9.77% |
| Maryland | 9.63% |
| Maine | 9.48% |
| Michigan | 9.90% |
| New Jersey | 9.60% |
| New Mexico | 9.38% |
| Nevada | 9.25% |
| New York | 8.80% |
| Oregon | 9.40% |
| Texas | 9.65% |
| Utah | 9.50% |
| Virginia | 9.44% |
| Washington | 9.40% |
| Wyoming | 9.35% |

Source: S&P Global

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Revenues Under Current and Proposed Rates
Projected 2021

| Customer Class/Rate | Projected 2021 @ Current Rates | | | Proposed | | |
|--|--------------------------------|-------------------|----------------------|----------------------|--------------------|------------------|
| | Customers | Dk | Revenue | Total Revenue | Revenue Increase | Percent Increase |
| Residential - Rate 60 | 96,225 | 8,467,441 | \$57,827,536 | \$62,688,439 | \$4,860,903 | 8.4% |
| Residential Wahpeton - GPNG Rate 65 | 1,900 | 152,038 | 890,868 | 973,521 | 82,653 | 9.3% |
| Total Residential | 98,125 | 8,619,479 | 58,718,404 | 63,661,960 | 4,943,556 | 8.4% |
| Firm General - Rate 70 | 16,276 | 8,378,483 | 46,440,489 | 48,175,718 | 1,735,229 | 3.7% |
| Firm General - Wahpeton - GPNG Rate 65 | 427 | 141,162 | 753,726 | 781,872 | 28,146 | 3.7% |
| Total Firm General | 16,703 | 8,519,645 | 47,194,215 | 48,957,590 | 1,763,375 | 3.7% |
| Air Force - Rate 64 | | | | | | |
| Firm | 1 | 36,425 | 159,201 | 163,572 | 4,371 | 2.7% |
| Interruptible | 2 | 396,550 | 1,137,554 | 1,168,485 | 30,931 | 2.7% |
| Total Air Force | 3 | 432,975 | 1,296,755 | 1,332,057 | 35,302 | 2.7% |
| Small Interruptible | | | | | | |
| Sales - Rate 71 | 87 | 514,844 | 2,103,283 | | | |
| Sales - Wahpeton - GPNG Rate 71 | 17 | 229,181 | 947,310 | | | |
| Transport - Rate 81 | 61 | 1,015,084 | 817,156 | | | |
| Total Small Interruptible | 165 | 1,759,109 | 3,867,749 | 3,980,124 | 112,375 | 2.9% |
| Large Interruptible | | | | | | |
| Sales - Rate 85 | 0 | 0 | 0 | | | |
| Sales - Wahpeton - GPNG Rate 71 | 2 | 563,030 | 2,246,366 | | | |
| Transport - Rate 82 | 7 | 4,741,919 | 1,043,054 | | | |
| Transport - GPNG Rate 80 Contract 1/ | 9 | 1,125,190 | 382,113 | | | |
| Total Large Interruptible | 18 | 6,430,139 | 3,671,533 | 3,704,223 | 32,690 | 0.9% |
| Total North Dakota | 115,014 | 25,761,347 | \$114,748,656 | \$121,635,954 | \$6,887,298 | 6.0% |

1/ Currently GPNG has 1 transportation customer served under a contract. GPNG Rate 80 charges included on tariff will be the same as GPNG Rate 71.

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Residential Gas Service - Rates 60 & 90
Projected 2021

| <u>Residential Rates</u> | <u>Billing Units</u> | | <u>Current</u> | | <u>Settlement</u> | |
|------------------------------|----------------------|-----------|----------------|---------------------|-------------------|---------------------|
| | | | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> |
| Basic Service Charge (60) | 95,952 | Customers | \$0.6860 | \$24,025,421 | \$0.8244 | \$28,872,533 |
| Basic Service Charge (90) | 273 | Customers | \$0.6860 | 68,356 | \$0.8244 | 82,147 |
| | <u>96,225</u> | | | <u>24,093,777</u> | | <u>28,954,680</u> |
| Distribution Delivery Charge | 8,467,441 | dk | \$0.000 | 0 | \$0.000 | 0 |
| Cost of Gas (60) | 8,450,493 | dk | \$3.984 | 33,666,764 | \$3.984 | 33,666,764 |
| Cost of Gas (90) | 16,948 | dk | \$3.953 | 66,995 | \$3.953 | 66,995 |
| | <u>8,467,441</u> | | | <u>\$33,733,759</u> | | <u>\$33,733,759</u> |
| Total Revenue Rates 60 & 90 | | | | <u>\$57,827,536</u> | | <u>\$62,688,439</u> |

**Montana-Dakota Utilities Co.
 Gas Utility - North Dakota
 Rate Reconciliation
 Air Force Firm Service - Rate 64
 Projected 2021**

| <u>Air Force Rate 64 - Firm</u> | <u>Billing Units</u> | <u>Current</u> | | <u>Settlement</u> | |
|---------------------------------|----------------------|----------------|------------------|-------------------|------------------|
| | | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> |
| Basic Service Charge | 1 Customer | \$175.00 | \$2,100 | \$175.00 | \$2,100 |
| Distribution Delivery Charge | 36,425 dk | \$0.329 | 11,984 | \$0.449 | 16,355 |
| Cost of Gas | 36,425 dk | \$3.984 | <u>145,117</u> | \$3.984 | <u>145,117</u> |
| Total Revenue Rate 64 | | | <u>\$159,201</u> | | <u>\$163,572</u> |

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Air Force Interruptible Service - Rate 64
Projected 2021

| Air Force Rate 64 - Interruptible | Billing Units | Current | | Settlement | |
|--|----------------|------------|--------------------|------------|--------------------|
| | | Rate | Amount | Rate | Amount |
| Basic Service Charge | | | | | |
| Minot Air Force Base | 1 Customer | \$2,000.00 | \$24,000 | \$2,000.00 | \$24,000 |
| PAR Site | 1 Customer | \$175.00 | 2,100 | \$175.00 | 2,100 |
| | <u>2</u> | | <u>26,100</u> | | <u>26,100</u> |
| Distribution Delivery Charge | 396,550 dk | \$0.177 | 70,189 | \$0.255 | 101,120 |
| Cost of Gas | | | | | |
| Minot Air Force Base | 369,780 dk | \$2.625 | 970,673 | \$2.625 | 970,673 |
| PAR Site | 26,770 dk | \$2.637 | 70,592 | \$2.637 | 70,592 |
| | <u>396,550</u> | | <u>1,041,265</u> | | <u>1,041,265</u> |
| Total Revenue | | | <u>\$1,137,554</u> | | <u>\$1,168,485</u> |

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Firm General Gas Service - Rates 70, 72, 74, & 92
Projected 2021

| Firm General Rates | Billing Units | Current | | Settlement | |
|---|------------------|----------|--------------|------------|--------------|
| | | Rate | Amount | Rate | Amount |
| Basic Service Chg Rates (70 Small) | 11,127 Customers | \$0.70 | \$2,842,949 | \$0.75 | \$3,046,016 |
| Basic Service Chg Rates (72 Small) | 5 Customers | \$0.70 | 1,278 | \$0.75 | 1,369 |
| Basic Service Chg Rates (74 Small) | 18 Customers | \$0.70 | 4,599 | \$0.75 | 4,928 |
| Basic Service Chg Rates (92 Small) | 67 Customers | \$0.70 | 17,119 | \$0.75 | 18,341 |
| Basic Service Chg Rates (70 Large) | 5,025 Customers | \$2.05 | 3,759,956 | \$2.13 | 3,906,686 |
| Basic Service Chg Rates (72 Large) | 11 Customers | \$2.05 | 8,231 | \$2.13 | 8,552 |
| Basic Service Chg Rates (74 Large) | 16 Customers | \$2.05 | 11,972 | \$2.13 | 12,439 |
| Basic Service Chg Rates (92 Large) | 7 Customers | \$2.05 | 5,238 | \$2.13 | 5,442 |
| | 16,276 | | \$6,651,342 | | \$7,003,773 |
| Distribution Delivery Charge (Excl Rate 74) | | | | | |
| Small | 1,949,155 Dk | \$0.811 | 1,580,765 | \$1.174 | 2,288,308 |
| Large | 6,156,438 Dk | 0.811 | 4,992,871 | 0.917 | 5,645,454 |
| Distribution Demand Charge | | | | | |
| 74 Small | 336 Demand Dk | \$6.510 | 2,187 | \$8.000 | 2,688 |
| 74 Large | 14,880 Demand Dk | \$6.510 | 96,869 | \$8.000 | 119,040 |
| | | | 99,056 | | 121,728 |
| Cost of Gas (70 Small) | 1,936,766 Dk | \$3.984 | 7,716,076 | \$3.984 | 7,716,076 |
| Cost of Gas (72 Small) | 1,022 Dk | \$2.502 | 2,557 | \$2.502 | 2,557 |
| Cost of Gas (92 Small) | 11,367 Dk | \$3.953 | 44,934 | \$3.953 | 44,934 |
| Cost of Gas (70 Large) | 6,130,793 Dk | \$3.984 | 24,425,079 | \$3.984 | 24,425,079 |
| Cost of Gas (72 Large) | 12,357 Dk | \$2.502 | 30,917 | \$2.502 | 30,917 |
| Cost of Gas (92 Large) | 13,288 Dk | \$3.953 | 52,527 | \$3.953 | 52,527 |
| | 8,105,593 | | 32,272,090 | | 32,272,090 |
| Cost of Gas (74 Small) | 24 Dk | \$2.502 | 60 | \$2.502 | 60 |
| Capacity Charge (74 Small) | 336 Demand Dk | \$10.620 | 3,568 | \$10.620 | 3,568 |
| Cost of Gas (74 Large) | 272,866 Dk | \$2.502 | 682,711 | \$2.502 | 682,711 |
| Capacity Charge (74 Large) | 14,880 Demand Dk | \$10.620 | 158,026 | \$10.620 | 158,026 |
| | | | 844,365 | | 844,365 |
| Total Revenue | | | \$46,440,489 | | \$48,175,718 |

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Small Interruptible Service - Rates 71 & 81
Projected 2021

| <u>Small Interruptible Service Rates 71 & 81</u> | <u>Billing Units</u> | <u>Current</u> | | <u>Settlement</u> | |
|--|----------------------|----------------|-------------|-------------------|-------------|
| | | Rate | Amount | Rate | Amount |
| Basic Service Charge | | | | | |
| Rate 71 Sales | 87 Customers | \$190.00 | \$198,360 | \$450.00 | \$469,800 |
| Rate 81 Transport | 61 Customers | 190.00 | 139,080 | \$450.00 | 329,400 |
| | 148 | | 337,440 | | 799,200 |
| Distribution Delivery Charge | | | | | |
| Rate 71 Sales | 514,844 dk | \$1.063 | 547,279 | \$0.566 | 291,402 |
| Rate 81 Transport | 1,015,084 dk | \$0.668 | 678,076 | \$0.566 | 574,538 |
| Cost of Gas | 514,844 dk | \$2.637 | 1,357,644 | \$2.637 | 1,357,644 |
| Sales | | | \$2,103,283 | | \$2,118,846 |
| Transport | | | 817,156 | | 903,938 |
| Total Revenue | | | \$2,920,439 | | \$3,022,784 |

**Montana-Dakota Utilities Co.
 Gas Utility - North Dakota
 Rate Reconciliation
 Large Interruptible Service - Rates 82 & 85
 (Excluding Flexed Contracts)
 Projected 2021**

| Large Interruptible Service Rates 85 & 82 | Billing Units | Current | | Settlement | |
|--|---------------|------------|-----------|------------|---------|
| | | Rate | Amount | Rate | Amount |
| Basic Service Charge | | | | | |
| Rate 85 Sales | 0 Customers | \$1,500.00 | \$0 | \$1,600.00 | \$0 |
| Rate 82 Transport | 5 Customers | 1,500.00 | 90,000 | 1,600.00 | 96,000 |
| | | | 90,000 | | 96,000 |
| Distribution Delivery Charge | | | | | |
| Rate 85 Sales | 0 dk | \$0.718 | 0 | \$0.237 | 0 |
| Rate 82 Transport | 774,189 dk | \$0.231 | 178,838 | \$0.237 | 183,483 |
| Cost of Gas | | | | | |
| | 0 dk | \$2.637 | 0 | \$2.637 | 0 |
| Sales | | | \$0 | \$0 | |
| Transport | | | 268,838 | 279,483 | |
| Total Revenue | | | \$268,838 | \$279,483 | |

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Firm Gas Service - GPNG Rate 65
Projected 2021

| <u>Wahpeton Firm Rates - GPNG Rate 65</u> | <u>Billing Units</u> | <u>Current</u> | | <u>Settlement</u> | |
|---|----------------------|----------------|--------------------|-------------------|--------------------|
| | | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> |
| Basic Service Charge | | | | | |
| Residential | 1,900 Customers | \$3.50 | \$79,800 | \$0.250 | \$173,375 |
| Firm General | | | | | |
| Small < 500 CFH | 282 Customers | \$3.50 | 11,844 | \$0.250 | 25,733 |
| Large > 500 CFH | 145 Customers | \$3.50 | 6,090 | \$0.250 | 13,231 |
| | <u>2,327</u> | | <u>97,734</u> | | <u>212,339</u> |
| Distribution Delivery Charge | | | | | |
| Residential | | | | | |
| First 10 Dk | 104,506 dk | \$1.0720 | 112,030 | | |
| Over 10 Dk | 47,532 dk | \$0.8220 | 39,071 | | |
| | <u>152,038</u> | | <u>151,101</u> | \$0.922 | 140,179 |
| Firm General - Small | | | | | |
| First 10 Dk | 12,900 dk | \$1.0720 | 13,829 | | |
| Over 10 Dk | 52,132 dk | \$0.8220 | 42,853 | | |
| | <u>65,032</u> | | <u>56,682</u> | \$0.922 | 59,960 |
| Firm General - Large | | | | | |
| First 10 Dk | 15,101 dk | \$1.0720 | 16,188 | | |
| Over 10 Dk | 61,029 dk | \$0.8220 | 50,166 | | |
| | <u>76,130</u> | | <u>66,354</u> | \$0.922 | 70,192 |
| Cost of Gas (Residential) | 152,038 dk | \$4.3408 | 659,967 | \$4.3408 | 659,967 |
| Cost of Gas (Firm General Small) | 65,032 dk | \$4.3408 | 282,291 | \$4.3408 | 282,291 |
| Cost of Gas (Firm General Large) | 76,130 dk | \$4.3408 | 330,465 | \$4.3408 | 330,465 |
| | <u>293,200</u> | | <u>1,272,723</u> | | <u>1,272,723</u> |
| Residential | | | \$890,868 | | \$973,521 |
| Firm General Small | | | 350,817 | | 367,984 |
| Firm General Large | | | 402,909 | | 413,888 |
| Total Revenue GPNG Firm Rate 65 | | | <u>\$1,644,594</u> | | <u>\$1,755,393</u> |

Montana-Dakota Utilities Co.
Gas Utility - North Dakota
Rate Reconciliation
Interruptible Gas Service - GPNG Rate 71
Projected 2021

| Interruptible Service GPNG Rate 71 | Billing Units | Current | | Settlement | |
|--|-------------------|----------|--------------------|------------|--------------------|
| | | Rate | Amount | Rate | Amount |
| Basic Service Charge | | | | | |
| Annual Dk < 100,000 | 17 Customers | \$3.50 | \$714 | \$180.00 | \$36,720 |
| Annual Dk > 100,000 | 2 Customers | \$3.50 | 84 | \$180.00 | 4,320 |
| | <u>19</u> | | <u>798</u> | | <u>41,040</u> |
| Distribution Delivery Charge | | | | | |
| Annual Dk < 100,000 | | | | | |
| First 400 Dk | 50,615 dk | \$1.0160 | 51,425 | | |
| Next 2,600 Dk | 118,783 dk | \$0.7675 | 91,166 | | |
| Over 3,000 Dk | 59,783 dk | \$0.6140 | 36,707 | | |
| | <u>229,181</u> | | <u>179,298</u> | \$0.669 | 153,322 |
| Annual Dk > 100,000 | | | | | |
| First 400 Dk | 11,538 dk | \$1.0160 | 11,723 | | |
| Next 2,600 Dk | 71,133 dk | \$0.7675 | 54,595 | | |
| Over 3,000 Dk | 480,359 dk | \$0.6140 | 294,940 | | |
| | <u>563,030</u> | | <u>361,258</u> | \$0.669 | 376,667 |
| Cost of Gas | | | | | |
| Annual Dk < 100,000 | 229,181 dk | \$3.3480 | 767,298 | \$3.3480 | 767,298 |
| Annual Dk > 100,000 | 563,030 dk | \$3.3480 | 1,885,024 | \$3.3480 | 1,885,024 |
| | <u>792,211 dk</u> | | <u>2,652,322</u> | | <u>2,652,322</u> |
| Annual Dk < 100,000 | | | \$947,310 | | \$957,340 |
| Annual Dk > 100,000 | | | 2,246,366 | | \$2,266,011 |
| Total Revenue - GPNG Interruptible Rate 71 | | | <u>\$3,193,676</u> | | <u>\$3,223,351</u> |