



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

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

February 19, 2021

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

Re: Cost of Gas Adjustment (COG)
Rate 88
Case No. PU-21-008

On February 8, 2021, Montana-Dakota Utilities Co. (Montana-Dakota) submitted its monthly Gas Cost Tracking Adjustment change pursuant to the terms of its Cost of Gas – Natural Gas Rate 88 for the month of March 2021. Subsequent to the Company's filing, the region experienced an extensive cold weather event that resulted in unprecedented natural gas pricing across Montana-Dakota's service territory. In an attempt to mitigate and smooth out the impact of the spike in natural gas prices in current and future months, the Company is requesting to eliminate the current surcharge adjustment credit of \$0.340 per dk for residential customers and firm general customers, \$0.021 per dk for firm contracted demand customers, \$0.320 per dk for small and large interruptible customers, and \$0.077 per dk for Air Force interruptible customers that are included in the Company's Cost of Gas rates.

Pursuant to the discussion with Commission Staff, Montana-Dakota is now submitting a Substitute Rate Summary Sheet 191st Revised Sheet No. 3 to replace the tariff sheet submitted in its February 8, 2021 filing. The only change from that submitted earlier is to reflect the elimination of the current surcharge adjustment credit in the Company's Cost of Gas rates to be effective March 1, 2021.

Section 4 of the Company's Cost of Gas – Natural Gas Rate 88 Tariff references the annual surcharge gas cost calculation to be performed annually in October of each year and Section 7(a) references the time and manner of filing. Montana-Dakota is requesting a waiver to these provisions as a result of the significant natural gas price increase due to the weather event in February 2021. As such, the Company requests the elimination of the credit adjustment effective March 1, 2021 and requests Commission approval to implement a change in the current Surcharge Adjustment effective March 1, 2021 rather than October 1 and to grant rates to be effective in less than 20 days of this filing. This change, along with the current over collected balance, will help mitigate and smooth out future price increases. The Company asserts this will benefit its customers now and is in the public interest.

The Substitute Rate Summary Sheet (191st Revised Sheet No. 3) showing the proposed natural gas rates reflecting the COG effective March 1, 2021 along with currently effective distribution rates is provided in Exhibit 1. The net effect of this filing, calculated pursuant to the terms of Rate 88, is an increase of \$0.078 per dk for residential customers and firm general customers, a decrease of \$0.240 per dk for firm contracted demand customers, an increase of \$0.064 per dk for small and large interruptible customers, and a decrease of \$0.177 per dk for Air Force interruptible customers from currently effective rates.

The following Exhibit is provided in support of the PGA rates proposed to be effective March 1, 2021:

- Revised Exhibit 2 summarizes the cost of gas adjustment, the elimination of the current surcharge adjustment credit described above pursuant to the terms of Rate 88 that will apply during the month of March 2021.

The COG changes, calculated in accordance with Rate 88, will amount to an increase of approximately \$152,000 for natural gas customers during the month of March 2021. All Montana-Dakota's retail gas customers in North Dakota may be affected by this proposal. There were 111,482 natural gas customers in North Dakota as of January 31, 2021.

Please contact me at (701) 222-7855 or travis.jacobson@mdu.com if you have any questions regarding this submittal.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachments

**RATE SUMMARY SHEET
(PROPOSED)**



Montana-Dakota Utilities Co.

A Subsidiary of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7

Substitute 191st Revised Sheet No. 3

Canceling 190th Revised Sheet No. 3

RATE SUMMARY SHEET

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Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	COG Items	Total Rate/ Dk
Residential Rate 60 1/	4	\$0.6860 per day	\$0.000	\$4.054	\$4.054
Air Force Rate 64 1/ Minot Air Force Base PAR Site	7	\$2,000.00 per month \$175.00 per month			
Firm Service			\$0.329	\$4.054	\$4.383
Interruptible Service - PAR			\$0.177	\$2.772	\$2.949
Interruptible Service - MAFB			\$0.177	\$2.760	\$2.937
Firm General Service Rate 70 1/ Meters rated < 500 cubic feet Meters rated > 500 cubic feet	13	\$0.70 per day \$2.05 per day	\$0.811	\$4.054	\$4.865
Small Interruptible Gas Rate 71 1/	14	\$190.00 per month	(Maximum) \$1.063	\$2.772	(Maximum) \$3.835
Optional Seasonal Gas Service Rate 72 1/ Meters rated < 500 cubic feet Meters rated > 500 cubic feet	15	\$0.70 per day \$2.05 per day	\$0.811	\$4.179	\$4.990
Contracted Demand Service Rate 74 1/ Meters rated < 500 cubic feet Meters rated > 500 cubic feet	16	\$0.70 per day \$2.05 per day	(Demand Charge) \$6.510	(Capacity Charge) (COG/Dk)	\$10.630 \$2.602
Transportation Service Small Interruptible Rate 81 1/ Maximum Minimum	24	\$190.00 per month	\$0.668 \$0.102		\$0.668 \$0.102
Large Interruptible Rate 82 1/ Maximum Minimum		\$1,500.00 per month	\$0.231 \$0.061		\$0.231 \$0.061
Large Interruptible Gas Rate 85 1/	27	\$1,500.00 per month	(Maximum) \$0.718	\$2.772	(Maximum) \$3.490
Residential Propane Rate 90 1/	32	\$0.6860 per day	\$0.000	\$8.209	\$8.209
Firm General Propane Rate 92 1/ Meters rated < 500 cubic feet Meters rated > 500 cubic feet	34	\$0.70 per day \$2.05 per day	\$0.811	\$8.209	\$9.020

1/ Interim increase of 17.116% applicable to amounts billed under Basic Service Charge and Distribution Delivery Charge.

Date Filed: February 19, 2021

Effective Date: Service rendered on and after March 1, 2021

Issued By: Travis R. Jacobson
Director - Regulatory Affairs

Case No.: PU-21-008

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS TARIFF SHEET
NORTH DAKOTA GAS
EFFECTIVE MARCH 2021

	Firm			Small & Large Interruptible	Air Force Interruptible
	Residential & General Service	Optional Seasonal	Contracted Demand		
<u>Gas Cost Adjustment:</u>					
Gas Cost Level (Exhibit 3)	\$4.085	\$4.210	\$2.633	\$2.772	\$2.760
Prior Filed Gas Cost (Effective 1/1/2021)	<u>4.347</u>	<u>4.472</u>	<u>2.894</u>	<u>3.028</u>	<u>3.014</u>
Current Gas Cost Adjustment	(\$0.262)	(\$0.262)	(\$0.261)	(\$0.256)	(\$0.254)
<u>Surcharge Adjustment:</u>					
Current Adjustment	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Prior Filed Adjustment	<u>(0.340)</u>	<u>(0.340)</u>	<u>(0.021)</u>	<u>(0.320)</u>	<u>(0.077)</u>
Change in Surcharge Adjustment	\$0.340	\$0.340	\$0.021	\$0.320	\$0.077
Gas Cost Level	\$4.085	\$4.210	\$2.633	\$2.772	\$2.760
Plus: Surcharge	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Gas Cost Level in Tariff Rates	<u>\$4.085</u>	<u>\$4.210</u>	<u>\$2.633</u>	<u>\$2.772</u>	<u>\$2.760</u>
<u>Grain Drying Margin Sharing</u>					
Current Adjustment	(\$0.031)	(\$0.031)	(\$0.031)	\$0.000	\$0.000
Prior Filed Gas Cost	<u>(0.031)</u>	<u>(0.031)</u>	<u>(0.031)</u>	<u>0.000</u>	<u>0.000</u>
Change in Grain Drying Sharing Margin	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cost of Gas Billed	<u>\$4.054</u>	<u>\$4.179</u>	<u>\$2.602</u>	<u>\$2.772</u>	<u>\$2.760</u>
Net Increase (Decrease) in Gas Costs	<u>\$0.078</u>	<u>\$0.078</u>	<u>(\$0.240)</u>	<u>\$0.064</u>	<u>(\$0.177)</u>