



Kindred Expansion Surcharge Rate 76

**Informal Hearing – Case No. PU-23-294
November 8, 2023**

 **MONTANA-DAKOTA**
UTILITIES CO.
A Subsidiary of MDU Resources Group, Inc.
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Filing

- **On August 28, 2023, Montana-Dakota submitted an application for authority to establish a new rate schedule in North Dakota**
 - **Kindred Expansion Surcharge Rate 76 (Rate 76)**
 - **Recovery of costs related to the expansion of gas service to and within the city limits of Kindred, ND over and above the MAI under Rate 120**

CPC&N for Kindred

- **Montana-Dakota's CPC&N request**
 - **Filed request on September 10, 2021**
 - **Case No. PU-21-386**
 - **Expansion opportunity resulting from WBI Wahpeton Expansion Project in eastern North Dakota**
 - **WBI received FERC approval on October 19, 2023**
 - **Community leaders expressed interest regarding expansion of service**
 - **Commission granted a CPC&N on March 30, 2022**

City of Kindred ND

- **Located in Cass County in Eastern North Dakota – 25 miles from Fargo/West Fargo/Moorhead area**
- **Population as of 2020 census is 899**
- **Annual population growth rate of 3.3%**
- **Kindred currently has 8-10 new home building permits per year**
- **City of Kindred and Montana-Dakota executed a Franchise agreement on January 4, 2022**

Kindred Project

- **Summer 2024 – Company anticipates start of a new town border station (TBS) and distribution system in Kindred**
 - **Interconnection with new WBI Wahpeton transmission line**
 - **Distribution system will consist of:**
 - **19,000 ft of 6-inch PE main**
 - **1,800 ft of 4-inch PE main**
 - **15,000 ft of 2-inch PE main**



Kindred Project

- **Estimated Customers within first 5 years**
 - **259 Residential Rate 60**
 - **38 Small Firm General Rate 70**
 - **10 Large Firm General Rate 70**
 - **1 Small Interruptible Sales Rate 71**

Kindred Project

- **Estimated Cost**

- **Total project cost of \$2.1M**
- **Maximum Allowable Investment (MAI) of \$1.1M**
 - **Reflects recent legislation exempting natural gas transmission & distribution projects from property taxes for 15 years**
 - **Cost savings of approximately \$40,000**
- **Estimated balance of \$950,000**
 - **Amount to be collected from customers in Kindred**

Expansion Area Surcharge

- **Recognize estimated balance to be a sizeable cost responsibility for Kindred**
- **Utilize an available provision under Rate 120**
 - **Incremental Expansion Surcharge**
 - **Provision to be utilized at Company's discretion when the total estimated cost of a project would have been cost prohibitive under the Company's present rates and gas service extension policy**

Summary of Rate 76 Charges

	Initial Down Payment	Expansion Customer Charge/Month	Expansion Commodity Charge/Dk
Residential Rate 60	\$250	\$30	
Small Firm General Rates 70, 72, and 74	\$500	\$12	\$3.25
Large Firm General Rates 70, 72, and 74	\$1,000	\$85	\$3.25
Small Interruptible Sales Service Rate 71	\$1,500	\$150	\$4.00

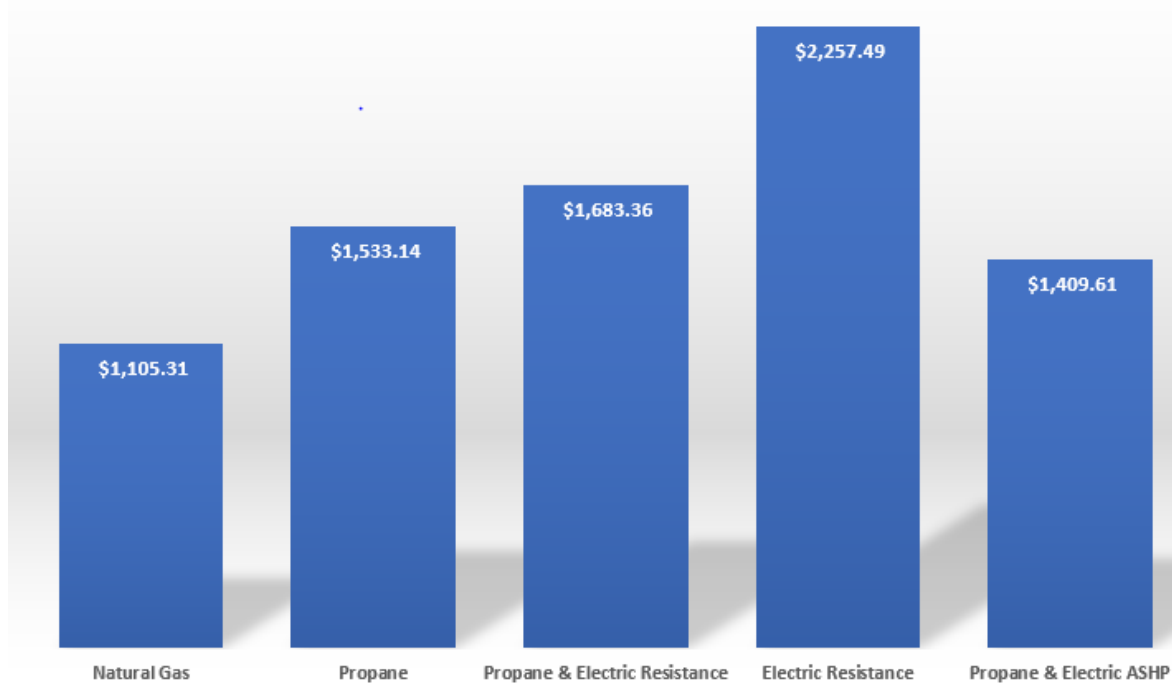
Payment structure correlates to \$4.09 per dk for all customers classes

Rate 76

- **Minimum up-front payment**
 - Required at time of application requesting the installation of service line
- **Monthly charges**
 - Charges in addition to the charges billed under the customer's otherwise applicable rate schedule.
 - To be paid until project paid in full
 - Estimated to be complete in Fall 2029
- **Rate only applicable to customers located inside the city limits of Kindred**
 - If customer outside city limits, Rate 120 would apply to extension of gas service to customer

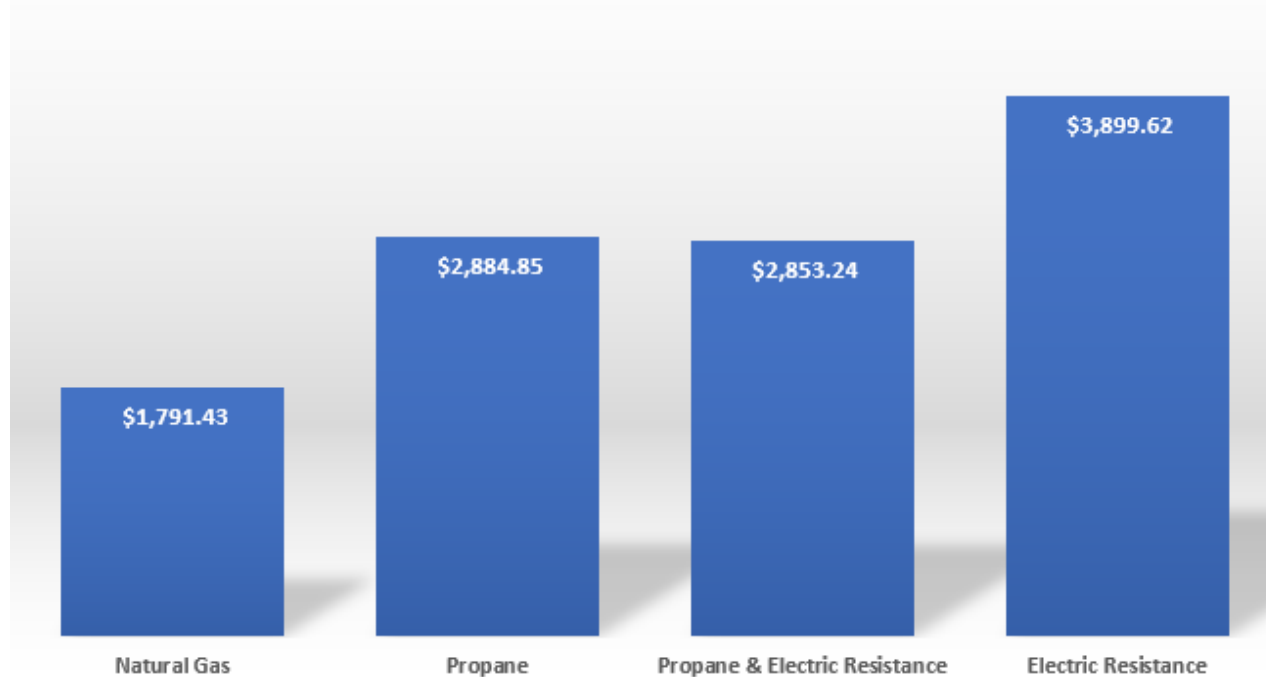
Residential Customer Impacts

Annual Costs: Residential Heating and Water Heating with
the Rate 76 Surcharge



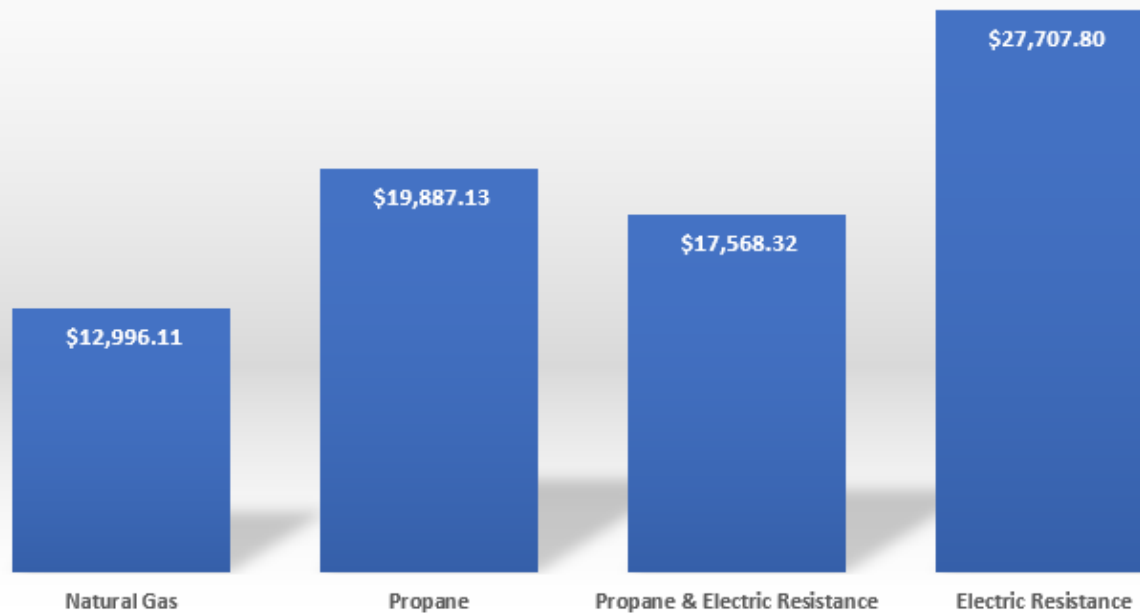
Small Commercial Customer Impacts

Annual Costs: Commercial Heating and Water Heating
with the Rate 76 Surcharge



Large Commercial Customer Impacts

Annual Costs: Commercial Large Meter Heating and Water Heating with the Rate 76 Surcharge



Summary

- **Growth opportunity in eastern North Dakota**
- **Utilize an available provision under Rate 120 for remaining project cost to be paid for by Kindred customers**
- **Proposed Rate 76 provides both the Company and interested customers the information necessary to have informed conversations regarding the extension of gas service**
- **Benefit all North Dakota gas customers from the additional distribution revenue collected from these customers**



QUESTIONS?







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Legend	
	Kindred City Limits
	6 Inch PE Gas Main
	4 Inch PE Gas Main
	2 Inch PE Gas Main