

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Victor Schock, Director of Public Utilities VS

Date: November 16, 2023

Re: Montana-Dakota Utilities Co., 2023 Natural Gas Rate Increase, Application, Case No. PU-23-341

On November 1, 2023, Montana-Dakota Utilities Co. (MDU) filed an application to increase its Natural Gas base rates in North Dakota.

It is worth noting that MDU is proposing to increase the residential basic service charge from approximately \$25.08 to \$28.01 per month and add a distribution delivery charge at a rate of \$0.438 per dekatherm. The Commission has not used a volumetric component to allow MDU to recover the fixed portion of their cost since its 2013 natural gas rate case. Additionally, pursuant to the settlement agreement from cases PU-17-490 and PU-17-75, MDU is proposing to adjust the rate schedules of Great Plains Natural Gas (GPNG) which serves the city of Wahpeton to be more in line with MDU Natural Gas rates.

The primary drivers of the increase request as laid out by MDU are: operations and maintenance cost increases, rate base increases, depreciation rate increases, return on equity.

The chart below provides a summary of the interim and full rate increase request.

MDU 2023 Natural Gas Rate Increase	
Date Filed	11/1/2023
Test Year	2024
Retail Natural Gas Customers	117,700
Requested ROE	10.50%
Currently Authorized ROE	9.30%
Last Nat Gas Rate Case	PU-20-379
Last Nat Gas Increase authorized	6.00%
Interim Rates Effective Date	1/1/2024
Commission's Deadline for final rates (49-05-06 (1))	6/1/2024

Breakdown	Interim	Full Request
2024 Revenue at current rates	\$159,847,677	\$159,847,677
Requested Increase	\$10,094,838	\$11,635,044
2024 Revenue at requested rates	\$169,942,515	\$171,482,721
% Increase	6.46%	7.45%
Interim Rate Surcharge	20.86%	
Monthly bill impact to Residential - MDU	\$5.23	\$5.89
Monthly bill impact to Residential - GPNG	\$2.86	\$5.16