

**Large Interruptible General
Natural Gas Service – Rate 85**

Current Effect. 7/1/16

Basic Service

Charge\$230.00 per mo. \$275.00 per mo.

Distribution Delivery Charge

Maximum Rate.....\$0.198 per dk \$0.199 per dk

Minimum Rate.....\$0.036 per dk \$0.036 per dk

Cost of Gas\$1.980 per dk \$1.980 per dk

Further information, applicable rates, rules
and regulations are available at
www.montana-dakota.com or
by calling 1-800-638-3278.

Monthly Residential Customer Rate Comparison

Monthly Use	Present Rate	Rates Effect. July 1, 2016	Amount of Increase	Percent Increase
0	\$8.51	\$9.12	\$0.61	7.17%
10	73.06	75.14	2.08	2.85%
20	137.61	141.16	3.55	2.58%
30	202.16	207.18	5.02	2.48%
40	266.71	273.20	6.49	2.43%
50	331.26	339.22	7.96	2.40%
60	395.81	405.24	9.43	2.38%



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

In the Community to Serve®

**Natural Gas Distribution
Rate Increase**

Effective July 1, 2016

On June 30, 2015, Montana-Dakota Utilities Co. (Montana-Dakota) filed an application with the South Dakota Public Utilities Commission (South Dakota PUC) for authority to increase its rates for natural gas service in South Dakota by \$1.53 million or 3.1 percent. Montana-Dakota's last natural gas rate increase in South Dakota was in 2013 and resulted in an approximate 2 percent increase to customers. The primary reasons for this rate application is an increase in operating costs, along with increased investment in the natural gas system servicing South Dakota customers.

On June 7, 2016, the South Dakota PUC authorized an increase in revenues of \$1.2 million or approximately 2.45 percent annually to be effective July 1, 2016. The actual impact to customers' bills as a result of this rate increase will vary depending on the customer's rate class and amount of natural gas used. A typical residential customer using 72 dk on an annual basis will see an average increase of approximately \$1.49 per month.

As allowed by South Dakota Codified Law 49-34A-17, Montana-Dakota implemented Interim Rates effective January 1, 2016

as a percentage of bill based on the total revenues collected. As the final revenue increase authorized was less than the interim rate increase implemented January 1, 2016, Montana-Dakota will refund the difference with interest to customers no later than October 1, 2016. A residential customer using 72 dk on an annual basis will see an interim rate refund of approximately \$2.11.

The rates for various classes of service are shown below. The Cost of Gas is strictly a pass-through cost to the Company's customers and is subject to change on a monthly basis as outlined in the Company's Rate 88 tariff. A comparison of the residential rates at various consumption levels is also provided below.

Residential Natural Gas Service – Rate 60

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$0.28 per day	\$0.30 per day
Distribution Delivery		
Charge	\$1.744 per dk	\$1.891 per dk
Conservation Tracking		
Adjustment	\$0.024 per dk	\$0.024 per dk
Cost of Gas	\$3.253 per dk	\$3.253 per dk

Firm General Natural Gas Service – Rate 70

Meter rated under 500 cubic feet per hour

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$0.35 per day	\$0.55 per day
Distribution Delivery		
Charge	\$1.302 per dk	\$0.980 per dk
Conservation Tracking		
Adjustment	\$0.024 per dk	\$0.024 per dk
Cost of Gas	\$3.253 per dk	\$3.253 per dk

Firm General Natural Gas Service – Rate 70

Meter rated over 500 cubic feet per hour

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$1.07 per day	\$1.68 per day
Distribution Delivery		
Charge	\$1.302 per dk	\$1.187 per dk
Conservation Tracking		
Adjustment	\$0.024 per dk	\$0.024 per dk
Cost of Gas	\$3.253 per dk	\$3.253 per dk

Small Interruptible General Natural Gas

Service – Rate 71

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$150.00 per mo.	\$180.00 per mo.
Distribution Delivery Charge		
Maximum Rate	\$0.378 per dk	\$0.348 per dk
Minimum Rate	\$0.047 per dk	\$0.047 per dk
Cost of Gas	\$1.980 per dk	\$1.980 per dk

Transportation Service –

Small Interruptible Rate 81

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$150.00 per mo.	\$180.00 per mo.
Distribution Delivery Charge		
Maximum Rate	\$0.378 per dk	\$0.348 per dk
Minimum Rate	\$0.047 per dk	\$0.047 per dk

Transportation Service –

Large Interruptible Rate 82

	<u>Current</u>	<u>Effect. 7/1/16</u>
Basic Service		
Charge	\$230.00 per mo.	\$275.00 per mo.
Distribution Delivery Charge		
Maximum Rate	\$0.198 per dk	\$0.199 per dk
Minimum Rate	\$0.036 per dk	\$0.036 per dk