

Montana-Dakota Utilities Co.

NOTICE OF FILING

Natural Gas Distribution Rate Increase Requested

On July 21, 2017, Montana Dakota Utilities Co., (Montana-Dakota) filed an application for authority to increase the Company's rates for natural gas service with the North Dakota Public Service Commission (Commission). The Company is requesting an increase of approximately \$5.9 million annually or an overall increase of 5.4 percent over current rates. The increase is primarily due to increased investment in the Company's natural gas facilities to improve system safety and reliability and the depreciation and taxes associated with the increased investment. If approved, a residential customer's bill would increase by \$2.98 a month.

The proposed increase for:

- Residential Service (Rates 60 and 90) is 5.9%
- Firm General Service (Rates 70, 72, and 92) is 5.5%

Increases are not proposed for the other customer groups as they are adequately covering the costs to provide service under their current rates.

Montana-Dakota is also requesting to implement a rate mechanism for the recovery of costs associated with pipeline replacement projects that will enhance system safety and reliability beyond 2018. The cost recovery mechanism allows the Company to continue addressing aging infrastructure while minimizing the frequency of formal rate cases before the Commission.

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The Commission has up to seven months to issue a decision on the proposed increase. Montana-Dakota has also filed an interim increase in revenues of \$4.6 million annually or an overall increase of 4.2 percent. The interim increase, if approved, would allow the Company to implement an interim rate sixty days from the date the Company filed (or September 19, 2017) which would then remain in effect while the Commission considers the Company's application. The interim rate increase is subject to refund upon final approval in this case. A residential customer's bill would increase \$2.44 per month under the interim rate.

You can view the Company's application and proposed rates on file with the Commission by visiting the Company's web site at www.montana-dakota.com/rates-and-services/rate-cases) and/or the Commission's web site at www.nd.gov.



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