



NEWS RELEASE
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For Immediate Release, Contact:
Brian Kroshus, (701) 471-7965
Randy Christmann, (701) 328-4091
Julie Fedorchak, (701) 391-1140

Public Service Commission Approves Natural Gas Rate Case for MDU and Electric Rate Case for Otter Tail Power

BISMARCK, ND – The North Dakota Public Service Commission (PSC) today approved two rate case settlements that set rates for MDU natural gas customers and for Otter Tail Power electric customers at levels which assure the ability to continue providing dependable and safe service.

Montana Dakota Utilities (MDU) Natural Gas Rate Case:

The PSC today approved an approximately \$2.5 million (2.3%) annual revenue increase for MDU natural gas service. The company had originally asked for an increase of \$5.9 million (5.4%). The increase was requested due to increased investment in distribution facilities to improve system safety and reliability.

In September 2017 the Commission approved a \$4.6 million interim rate increase in accordance with state law. That interim rate was reduced to \$2.7 million in March 2018 to reflect tax savings due to the Tax Cuts and Jobs Act. Because the agreement approved today includes a smaller increase than the interim rate, MDU natural gas customers will receive a refund for any excess revenue collected from September 2017 to present. The refund will be issued within 90 days of approval of a refund plan.

As part of the agreement, the fixed basic service charge will be \$20.87 per month for residential customers. Because the rate approved today is less than the current interim rate, customers will actually see a decrease in their bills.

As part of MDU's initial application, the company requested a special recovery mechanism, or rider, to recover costs associated with a pipeline replacement program the company has implemented. The Commission supports MDU's proactive approach to identifying and replacing aging natural gas infrastructure, and has directed MDU to file a detailed plan to better evaluate potential replacement projects. The plan will include information about the current status of MDU's gas system, information that can be used to identify and rank existing and potential threats, and factors used to justify replacement and timing of replacement.

Otter Tail Power Company Electric Rate Case:

The PSC also today approved an approximately \$4.6 million (3.09%) annual revenue increase for Otter Tail electric service. The company had originally asked for an increase of \$13.1 million (8.72%). The company has not asked for a rate increase since 2008. Since then, Otter Tail Power has experienced increased operating expenses and costs driven by the company's investments in generation, transmission, and distribution infrastructure.

In December 2017 the Commission approved a \$12.8 million interim rate increase in accordance with state law. That interim rate was reduced to \$8.3 million in February 2018 to reflect tax savings due to the Tax Cuts and Jobs Act. Because the agreement approved today includes a smaller increase than the interim rate, Otter Tail electric customers will receive a refund for any excess revenue collected from December 2017 to present. The refund will be issued within 90 days of implementation of the final rates.

As part of the agreement, the fixed basic service charge will be no higher than \$14 a month for residential customers. Because the rate approved today is less than the current interim rate, customers will actually see a decrease in their bills.

The North Dakota Public Service Commission is a constitutionally created state agency with authority to permit, site and regulate certain business activities in the state including electric and gas utilities, telecommunications companies, power plants, electric transmission lines, pipelines, railroads, grain elevators, auctioneers, commercial weighing devices, pipeline safety and coal mine reclamation. For more information, contact the Public Service Commission at (701) 328-2400 or www.psc.nd.gov.

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