



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

December 7, 2015

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501-5070

Re: Conservation Program Portfolio
Docket No. NG15-____

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc. herewith electronically submits this request to modify its Natural Gas Conservation Portfolio Plan authorized by the Commission on December 31, 2014 in Docket No. NG14-007.

Montana-Dakota is requesting approval to again include an Energy Audit program with its Natural Gas Conservation Portfolio beginning on January 1, 2016 or at such time as approved by the Commission.

Background

On October 3, 2014, Montana-Dakota requested approval for a three year natural gas portfolio for the years 2015 – 2017. The Commission approved the three year portfolio except for the Energy Audit Program in its Order dated December 31, 2014 in Docket No. NG14-007. The Energy Audit Program was removed because Montana-Dakota was unable to offer the Energy Audit Program in its western region due to the unavailability of a qualified third party to perform the energy audits.

2016 Budget Modification

Montana-Dakota now has contracts with Western South Dakota Community Action and North Eastern South Dakota Community Action to perform energy audits throughout Montana-Dakota's South Dakota natural gas service territory. In addition, Montana-Dakota will be entering into a Memorandum of Understanding with Black Hills Power wherein the two parties agree to share equally the costs of energy audits for customers that use natural gas as their primary source of space heating and are customers of both Black Hills and Montana-Dakota within the communities of Belle Fourche, Deadwood, Lead, Rapid City, Summerset, Spearfish and Sturgis.

Customers will continue to be charged a \$50.00 assessment fee by Montana-Dakota and Black Hills Power will share in 50% of the net actual cost of the assessment. Montana-Dakota will invoice Black Hills Power on a monthly basis for joint assessments performed. The \$50.00 charge applies to all audits provided by Montana-Dakota.

The 2016 and 2017 conservation budgets authorized in Docket No. NG14-007, as adjusted to include the original budget dollars for energy audits back into the 2016 and 2017 budgets are shown below.

| Program | 2015 | 2016 | 2017 |
|---------------------------------------|-----------|-----------|-----------|
| Residential Programs | | | |
| Furnace Tier 2 (95% AFUE Min) - New | 45,000 | 51,000 | 57,000 |
| Furnace Tier 2 (95% AFUE Min) - Repl. | 67,500 | 75,000 | 82,500 |
| Programmable Thermostats | 3,600 | 4,000 | 4,400 |
| Commercial Programs | | | |
| Furnace Tier 2 (95% AFUE Min) - New | 300 | 600 | 600 |
| Furnace Tier 2 (95% AFUE Min) - Repl. | 3,000 | 3,600 | 4,200 |
| Custom Efficiency | 600 | 600 | 600 |
| Total Incentives | 120,000 | 134,800 | 149,300 |
| Customer Education & Outreach | \$18,000 | \$21,000 | \$24,000 |
| Energy Audit Program Costs | - | 25,000 | 25,000 |
| Total Program Costs | \$138,000 | \$180,800 | \$198,300 |

Montana-Dakota is not requesting a change in the Conservation Tracking Adjustment rate at this time. Montana-Dakota will be submitting its annual cost true-up by January 31, 2016 to true-up the 2015 actual expenditures and include the Projected 2016 expenses under the authorized conservation portfolio for calendar year 2016.

Montana-Dakota requests approval to include the energy audit program in the 2016-2017 portfolios in order to start promoting the offering of this service to its customers starting in January 2016.

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
 Director of Regulatory Affairs
 Montana-Dakota Utilities Co.
 400 North Fourth Street
 Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence, and pleadings to:

Mr. Brett Koenecke
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, South Dakota 57501-0160

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments

cc: B. Koenecke