

For Immediate Release

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PSC Denies Interim Rate Increase for MDU Natural Gas Customers

Helena, Mont. – On a 5-0 vote Tuesday, the Montana Public Service Commission rejected a \$763,899 interim rate increase requested by Montana-Dakota Utilities (MDU). The rate increase was requested as an interim adjustment that is part of a larger \$2.8 million, 4.1 percent increase currently under review by the Commission.

The Commission determined that MDU’s application failed to demonstrate that the utility faced “irreparable financial harm” without the requested rate adjustment.

“Interim rate increases of this nature are an emergency measure reserved for times when a company is facing immediate financial hardship,” said Commissioner Bob Lake, R-Hamilton. “MDU’s own analysis demonstrates that this is not the case. The company has sufficient revenues to cover expenses in the short-term, while continuing to meet its obligations to shareholders.”

Commissioner Tony O’Donnell, R-Billings, whose district includes Yellowstone, Carbon, Big Horn, Rosebud, Powder River, Carter, Custer and Fallon counties, said additional analysis is needed to determine what level of increase, if any, is warranted.

“We have less than three months left in our review and the company has requested a temporary increase in excess of what the consumer advocate believes is appropriate for the entirety of this case,” he said. “I see no reason to jump the gun and prematurely raise rates on customers until the Commission has completed a thorough review of the facts at hand.”

The Montana Consumer Counsel, the state agency charged with protecting ratepayers, recommended that the overall rate increase be limited to \$678,144, below the interim increase sought by MDU.

Commissioners also stressed that more time was necessary in order to unpack the potential impacts of federal tax reform. “Until the full measure of the recent tax reform legislation’s positive effects for consumers can be reflected in rates, it is inappropriate to grant an interim rate increase,” said Commissioner Travis Kavulla, R-Great Falls.

The Commission directed MDU to amend its initial \$ 1,566,678 interim rate application in September to account for the benefits of federal tax reform, including a reduction in the corporate income tax rate from 35 to 21 percent. However, the utility did not supply estimates of other ancillary benefits such as those related to deferred tax expense.

MDU serves approximately 84,000 Montana natural gas customers in 36 communities located predominantly in eastern Montana.

A decision on the full \$2.8 million, 4.1 percent increase is expected sometime in May.

To view the full docket, visit: <http://bit.ly/2wYFEAD>

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Made up of five elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.