

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
2000 Electric Operations
Annual Report

Case No. PU-399-01-186

ORDER ON REMAND

January 15, 2003

On April 24, 2002 the Public Service Commission issued its Findings of Fact, Conclusions of Law and Order in this proceeding.

The decision was appealed by Montana Dakota Utilities Company on one issue, the projected level of wholesale margins. The Commission incorporated into its rate reduction requirement an annual system wide projected level of wholesale margins of \$11.696 million for the test year. MDU asserted that the Commission's projections were far too high and that the test year should include only \$6.43 million in system wide projected wholesale margins. North Dakota's share of this difference is the basis for the amount at issue in the appeal, \$3.475 million annually.

On May 2, 2002, the District court ordered that the portion of the Commission order at issue on appeal directing a reduction in MDU's electric retail rates in the amount of \$3.475 million be stayed pending further order of the Court. The court further ordered that MDU file a suspending bond in the amount of \$3.475 million and establish an interest bearing escrow account for deposit of the revenues MDU would collect in excess of the rates it would have charged were the Commission's order not stayed.

Also on May 2, 2002, MDU filed tariff revisions effective for service rendered on or after May 8, 2002 and reflecting the Commission's decision as modified by the District Court's order for a stay.

On November 22, 2002, the District court issued an order reversing the Commission decision on this issue and remanding the case back to the Commission with direction that the Commission adequately explain the basis for including projected system wide wholesale margins of \$11.696 million, or in the alternative, adopt MDU's \$6.43 million projected system wide wholesale margins for the test year.

Order

The Commission orders:

1. Test year revenue projections shall include projected system wide wholesale margins of \$6.43 million rather than \$11.696 million.

143 PU-399-01-186

Pages: 2

Order on Remand

by Public Service Commission

01/15/2003 CC: Comm Legal Illona, Pat, Jerry Mike


2. MDU is entitled to charge rates in North Dakota sufficient to recover the North Dakota portion of the difference between system wide projected wholesale margins of \$11.694 million and \$6.43 million.

3. MDU is entitled to charge rates in North Dakota sufficient to recover the \$3.475 million at issue in this proceeding. Since this portion of the Commission's original order was stayed, these rates are currently in effect and no rate change is necessary to incorporate this decision.

PUBLIC SERVICE COMMISSION



Anthony T. Clark
Commissioner



Susan E. Wefald
President



Leo M. Reinbold
Commissioner