

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
Natural Gas Rate Increase
Application**

Case No. PU-399-02-183

STAFF RESPONSE TO COMPLIANCE FILING

December 17, 2002

On December 16, 2002, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., (MDU) filed tariff changes to comply with the Order of the Commission dated December 10, 2002. The Commission's Order required MDU to implement a rate increase sufficient to provide a total annual revenue increase of \$1,972,000 effective for service on and after December 12, 2002.

MDU's compliance tariffs provide a total annual revenue increase of \$1,975,600. The increase is spread over residential and firm general gas bills and sales volumes and results in a 3.08% increase for those customer classes. The commodity rate has been separated into two clearly distinct rates, the Distribution Delivery Charge and the Cost of Gas charge. The Cost of Gas charge is recalculated for the month of December 2002. The declining block rate elements have been eliminated. The residential seasonal rate has been eliminated. Penalties for failure to interrupt have been increased from \$10 per dk of gas used in excess of the curtail amount to \$50 per dk. The reconnection charges for seasonal customers has been adjusted to match the higher Basic Service Charges. The new line extension policy has been included. Customer charges have been adjusted in accordance with the Commission's order.

As directed by the Commission's Order, MDU did not change the reconnection charge for discontinued service and did not change the returned check charge.

Staff believes that MDU's compliance filing satisfies the Commission's Order.

William W. Binek
Chief Counsel