

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

August 15, 2003

On August 8, 2003, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., (MDU) filed tariff changes to comply with the Order of the Commission dated July 31, 2003. The Commission's Order adopted a Settlement Agreement by which MDU is to implement a rate decrease sufficient to provide a total annual revenue decrease of \$362,085 effective for service rendered on or after September 1, 2003. The Settlement Agreement indicated that the rate reduction is to be applied to the rate classes in the same manner as the increase that was effective with rate change granted December 12, 2002. Settlement Agreement indicated that the rate change is to be implemented as a reduction to the distribution delivery charge.

MDU's compliance tariffs provide a total annual revenue decrease of \$361,426. The rate reduction is split between the Residential and Firm General Service classes in approximately the same proportion as the rate change granted December 12, 2002, that is 61.3% of the decrease is allocated to the Residential customers and 38.7% is allocated to the Firm General Service customers. This results in a 0.55% reduction to each class of customer.

The rate reduction was applied to the Distribution Delivery Charge per dekatherm. The Residential distribution charge was reduced from \$0.669 to \$0.641 which results in a reduction in annual revenue to MDU of \$221,196. The Firm General Service distribution charge was reduced from \$0.498 to \$0.473 which results in a reduction in annual revenue to MDU of \$140,231.

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

William W. Binek
Chief Counsel