

**MONTANA-DAKOTA UTILITIES CO.
CASE NO. PU-399-04-_____
INTERIM REQUEST**

**In the Matter of the Application of
Montana-Dakota Utilities Co. for
Authority to Establish Increased Rates
For Natural Gas Service in the
State of North Dakota**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc.,) Case No. PU-399-04-__
for Authority to Establish Increased)
Rates for Natural Gas Service)

* * * * *

APPLICATION AND NOTICE FOR
INTERIM INCREASE IN NATURAL GAS RATES

COMES NOW Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., and respectfully moves that the North Dakota Public Service Commission (Commission) authorize, on an interim basis, rate relief of \$1,869,539 to be effective within 60 days.

I.

Montana-Dakota is entitled to interim rate relief as more fully set forth in the Application and Notice, Testimony and Exhibits, and supporting Statements filed in this Case.

II.

The following rate schedules set forth in Appendix A hereto are proposed on an interim basis to be effective within 60 days:

16 th Revised Sheet No. 3	Rate Summary Sheet
3 rd Revised Sheet No. 4	Residential Gas Service Rate 60
3 rd Revised Sheet No. 13	Firm General Gas Service Rate 70
3 rd Revised Sheet No. 15	Optional Seasonal General Gas Service Rate 72
3 rd Revised Sheet No. 32	Residential Propane Service Rate 90
3 rd Revised Sheet No. 34	Firm General Propane Service Rate 92

III.

The requested interim relief as shown in Appendix B is computed pursuant to the requirements of the North Dakota Century Code, Sections 49-05-04 through 49-05-06 and is in full compliance therewith.


IV.

The requested interim rate increase of \$1,869,539 is calculated based upon the adjustments, methodologies, and return on equity contained in the Company's last North Dakota natural gas rate Order (Case No. PU-399-02-183).

Montana-Dakota respectfully requests that the North Dakota Public Service Commission grant interim rate relief in the amount of \$1,869,539, by authorizing the schedule of charges attached hereto as Appendix A, to become effective within 60 days.

Dated this 3rd day of March, 2004.

MONTANA-DAKOTA UTILITIES CO.,
a Division of MDU Resources Group, Inc.

By: 
Donald R. Ball
Assistant Vice President –
Regulatory Affairs



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
 16th Revised Sheet No. 3
 Canceling 15th Revised Sheet No. 3

RATE SUMMARY SHEET

Page 1 of 2

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	PGA Items	Total Rate/ Dk
Residential Rate 60	4	\$0.29 per day	\$0.779	\$6.653	\$7.432
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$6.653	\$6.791
Interruptible Service - PAR			\$0.120	\$5.761	\$5.881
Interruptible Service - MAFB			\$0.120	\$5.494	\$5.614
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		\$0.50 per day			
Meters rated > 500 cubic feet		\$1.70 per day	\$0.602	\$6.653	\$7.255
Small Interruptible Gas Rate 71	14	\$100.00 per month	Per Contract	\$5.761	Per Contract
Optional Seasonal Gas Service Rate 72	15				
Meters rated < 500 cubic feet		\$0.50 per day			
Meters rated > 500 cubic feet		\$1.70 per day			
Winter Gas Usage			\$0.602	\$6.749	\$7.351
Summer Gas Usage			\$0.602	\$5.647	\$6.249
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.025	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.025	
Large Interruptible Gas Rate 85	27	\$675.00 per month	Per Contract	\$5.761	Per Contract
Residential Propane Rate 90	32	\$0.29 per day	\$0.779	\$9.335	\$10.114
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		\$0.50 per day			
Meters rated > 500 cubic feet		\$1.70 per day	\$0.602	\$9.335	\$9.937

Date Filed: March 3, 2004

Effective Date:

Issued By: Donald R. Ball
 Assistant Vice President -
 Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
3rd Revised Sheet No. 4
Canceling 2nd Revised Sheet No. 4

RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

Availability:

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.29 per day
Distribution Delivery Charge:	\$.779 per dk
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Gas:

The cost of gas includes all applicable cost of gas items as defined in the Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

General Terms and Conditions:

The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: March 3, 2004

Effective Date:

Issued By: Donald R. Ball
Assistant Vice President -
Regulatory Affairs

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
3rd Revised Sheet No. 13
Canceling 2nd Revised Sheet No. 13

FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 1

Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under
500 cubic feet per hour \$0.50 per day

For customers with meters rated over
500 cubic feet per hour \$1.70 per day

Distribution Delivery Charge: \$.602 per dk

Cost of Gas: Determined Monthly- See
Rate Summary Sheet for
Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Gas:

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7

3rd Revised Sheet No. 15

Canceling 2nd Revised Sheet No. 15

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

Availability:

In all communities served for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour

\$0.50 per day

For customers with meters rated
over 500 cubic feet per hour

\$1.70 per day

Distribution Delivery Charge:

\$.602 per dk

Cost of Gas:

Winter- Bills rendered October 1 through May 31

Determined Monthly-
See Rate Summary
Sheet for Current Rate

Summer- Bills rendered June 1 through September 30

Determined Monthly-
See Rate Summary
Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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Assistant Vice President -
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Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
3rd Revised Sheet No. 32
Canceling 2nd Revised Sheet No. 32

RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 1

Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.29 per day
Distribution Delivery Charge:	\$.779 per dk
Cost of Propane:	Determined Monthly- See Rate Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Propane:

The cost of propane as defined in the Purchased Propane Cost Adjustment Rate 99 or any amendments or alterations thereto. The cost of propane component is subject to change on a monthly basis.

General Terms and Conditions:

1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Assistant Vice President -
Regulatory Affairs

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
3rd Revised Sheet No. 34
Canceling 2nd Revised Sheet No. 34

FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

Availability:

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour \$0.50 per day

For customers with meters rated
over 500 cubic feet per hour \$1.70 per day

Distribution Delivery Charge: \$.602 per dk

Cost of Propane: Determined Monthly- See Rate
Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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Assistant Vice President -
Regulatory Affairs

Case No.:

TARIFFS REFLECTING PROPOSED CHANGES



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
 15th Revised Sheet No. 3
 Canceling 14th Revised Sheet No. 3

RATE SUMMARY SHEET

Page 1 of 2

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	PGA Items	Total Rate/ Dk
Residential Rate 60	4	\$0.29 per day	\$0.779	\$6.653	\$7.432
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$6.653	\$6.791
Interruptible Service - PAR			\$0.120	\$5.761	\$5.881
Interruptible Service - MAFB			\$0.120	\$5.494	\$5.614
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		\$0.50 per day			
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Meters rated < 500 cubic feet		\$0.50 per day			
Meters rated > 500 cubic feet		\$1.70 per day			
Winter Gas Usage			\$0.602	\$6.749	\$7.351
Summer Gas Usage			\$0.602	\$5.647	\$6.249
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.025	
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Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.025	
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Residential Propane Rate 90	32	\$0.29 per day	\$0.779	\$9.335	\$10.114
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		\$0.50 per day			
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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
2nd Revised Sheet No. 4
Canceling 1st Revised Sheet No. 4

RESIDENTIAL GAS SERVICE Rate 60

Page 1 of 1

Availability:

In all communities served for all domestic uses. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.29 per day	
Distribution Delivery Charge:	\$.641- 779 per dk	C
Cost of Gas:	Determined Monthly- See Rate Summary Sheet for Current Rate	

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Gas:

The cost of gas includes all applicable cost of gas items as defined in the Purchased Gas Cost Adjustment Rate 88 or any amendments or alterations thereto. The cost of gas component is subject to change on a monthly basis.

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2nd Revised Sheet No. 13
Canceling 1st Revised Sheet No. 13

FIRM GENERAL GAS SERVICE Rate 70

Page 1 of 1

Availability:

In all communities served for all purposes except for resale. See Rate 100, §3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated under
500 cubic feet per hour

\$0.50 per day

For customers with meters rated over
500 cubic feet per hour

\$1.70 per day

Distribution Delivery Charge:

~~\$.473~~ \$.602 per dk

C

Cost of Gas:

Determined Monthly- See
Rate Summary Sheet for
Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
2nd Revised Sheet No. 15
Canceling 1st Revised Sheet No. 15

OPTIONAL SEASONAL GENERAL GAS SERVICE Rate 72

Page 1 of 2

Availability:

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Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour

\$0.50 per day

For customers with meters rated
over 500 cubic feet per hour

\$1.70 per day

Distribution Delivery Charge:

~~\$.473~~ \$.602 per dk

C

Cost of Gas:

Winter- Bills rendered October 1 through May 31

Determined Monthly-
See -Rate Summary
Sheet for Current Rate

Summer- Bills rendered June 1 through September 30

Determined Monthly-
See Rate Summary
Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

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Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
2nd Revised Sheet No. 32
Canceling 1st Revised Sheet No. 32

RESIDENTIAL PROPANE SERVICE Rate 90

Page 1 of 1

Availability:

For the community of Hettinger for all domestic purposes. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:	\$0.29 per day
Distribution Delivery Charge:	\$.644- <u>779</u> per dk
Cost of Propane:	Determined Monthly- See Rate Summary -Sheet for Current Rate

C

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Propane:

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1. The Company may at its discretion and upon thirty days notice, disconnect service to a customer utilizing a second source of propane. Any customer so disconnected shall not be eligible for service hereunder for one year from date of disconnection and shall be subject to reconnection charges to restore service after the one-year period.
2. The foregoing schedule is subject to Rates 100 through 124 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
2nd Revised Sheet No. 34
Canceling 1st Revised Sheet No. 34

FIRM GENERAL PROPANE SERVICE Rate 92

Page 1 of 2

Availability:

For the community of Hettinger for all purposes except for resale. See Rate 100, §V.3, for definition on class of service.

Rate:

Basic Service Charge:

For customers with meters rated
under 500 cubic feet per hour

\$0.50 per day

For customers with meters rated
over 500 cubic feet per hour

\$1.70 per day

Distribution Delivery Charge:

\$.473-602 per dk

C

Cost of Propane:

Determined Monthly- See Rate
Summary Sheet for Current Rate

Minimum Bill:

Basic Service Charge.

Payment:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, §V.11, or any amendments or alterations thereto.

Cost of Purchased Propane:

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Date Filed:

Effective Date:

Issued By:

Case No.:

MONTANA-DAKOTA UTILITIES CO.
PROJECTED OPERATING INCOME AND RATE OF RETURN
REFLECTING ADDITIONAL REVENUE REQUIREMENTS
INTERIM
GAS UTILITY - NORTH DAKOTA
PROJECTED 2004
(000s)

	Before Additional Revenue Re- quirements	Additional Revenue Requirements	Reflecting Additional Revenue Requirements
Operating Revenues			
Sales	\$119,376	\$1,871	\$121,247
Transportation	783		783
Other	406		406
Total Revenues	<u>120,565</u>	<u>1,871</u>	<u>122,436</u>
Operating Expenses			
Operation and Maintenance			
Cost of Gas	99,630		99,630
Other O&M	16,299		16,299
Total O&M	<u>115,929</u>		<u>115,929</u>
Depreciation	2,537		2,537
Taxes Other Than Income	1,362		1,362
Current Income Taxes	516	740	1,256
Deferred Income Taxes	(620)		(620)
Total Expenses	<u>119,724</u>	<u>740</u>	<u>120,464</u>
Operating Income	<u>\$841</u>	<u>\$1,131</u>	<u>\$1,972</u>
Rate Base	<u>\$20,170</u>		<u>\$20,170</u>
Rate of Return			
	<u>4.170%</u>		<u>9.776% 1/</u>

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT - INTERIM
GAS UTILITY - NORTH DAKOTA
PROJECTED 2004
(000s)

	Projected 2004 1/	Adjustments		Interim
		SISP 2/	Rate Case Expense 3/	
Operating Revenues				
Sales	\$119,376			\$119,376
Transportation	783			783
Other	406			406
Total Revenues	<u>120,565</u>			<u>120,565</u>
Operating Expenses				
Operation and Maintenance				
Cost of Gas	99,630			99,630
Other O&M	16,579	(\$260)	(\$20)	16,299
Total O&M	<u>116,209</u>	<u>(260)</u>	<u>(20)</u>	<u>115,929</u>
Depreciation	2,537			2,537
Taxes Other Than Income	1,362			1,362
Current Income Taxes	405	103	8	516
Deferred Income Taxes	(620)			(620)
Total Expenses	<u>119,893</u>	<u>(157)</u>	<u>(12)</u>	<u>119,724</u>
Operating Income	<u>\$672</u>	\$157	\$12	<u>\$841</u>
Average Rate Base	<u>\$20,170</u>			<u>\$20,170</u>
Rate of Return	<u>3.332%</u>			<u>4.170%</u>
Return on Equity	<u>-1.654%</u>			<u>0.034%</u>

1/ Statement N, page 1.

2/ Eliminates SISP, Statement N, page 10.

3/ Reflects projected rate case expense amortized over 4 years, Statement N, page 25.

**MONTANA-DAKOTA UTILITIES CO.
AVERAGE UTILITY CAPITAL STRUCTURE
PROJECTED 2004**

	<u>Balance</u>	<u>Capital Ratio</u>	<u>Cost</u>	<u>Required Return</u>
Long Term Debt	\$154,100,000	45.589%	8.624%	3.932%
Preferred Stock	16,150,000	4.778%	4.618%	0.221%
Common Equity	167,772,745	49.633%	11.329% 1/	5.623%
Total	<u>\$338,022,745</u>	<u>100.000%</u>		<u>9.776%</u>

1/ Return on equity authorized in Case No. PU-399-02-183.

MONTANA-DAKOTA UTILITIES CO.
REVENUES UNDER CURRENT AND PROPOSED RATES
GAS UTILITY - NORTH DAKOTA
Proposed Interim Rates

Customer Class/Rate	Projected 2004		Total Proposed Revenue	Proposed Revenue Increase	Percent Increase	Increase per Dk
	Customers	Dk				
Residential - Rate 60	74,149	8,150,298	\$66,710,124	\$1,124,741	1.7%	\$0.138
Firm General Service - Rate 70	11,470	5,773,626	44,942,742	744,798	1.7%	0.129
Air Force - Rate 64						
Firm	1	37,297	252,218	0	0.0%	0.000
Interruptible	2	842,568	4,734,108	0	0.0%	0.000
Total Air Force	3	879,865	4,986,326	0	0.0%	0.000
Small Interruptible						
Sales - Rate 71	82	570,263	3,481,200		0.0%	0.000
Transport - Rate 81	57	703,084	401,449		0.0%	0.000
Total Small Interruptible	139	1,273,347	3,882,649	0	0.0%	0.000
Large Interruptible						
Sales - Rate 85	0	0	0			
Transport - Rate 82	10	2,229,392	381,588			
Total Large Interruptible	10	2,229,392	381,588	0	0.0%	0.000
Total North Dakota	85,771	18,306,528	\$120,158,631	\$1,869,539	1.6%	