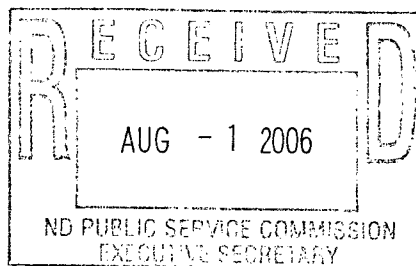


BEFORE THE PUBLIC SERVICE COMMISSION OF NORTH DAKOTA

Capital Electric Cooperative, Inc.)
)
 Complainant,)
)
 vs.)
)
Montana-Dakota Utilities Co., a)
 Division of MDU Resources Group, Inc.)
)
 Respondent.)

ANSWER

Case No. PU-06-278



Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. ("Montana-Dakota"), for its Answer to the Complaint of Capital Electric Cooperative ("CEC"), alleges and states as follows:

1. Unless otherwise answered or specifically admitted, Montana-Dakota denies each and every allegation of the Complaint.
2. Montana-Dakota admits the allegations of paragraphs 1, 2, 4 and 5 of the Complaint.
3. Answering paragraph 3 of the Complaint, Montana-Dakota admits it provides electric distribution service within the City of Bismarck pursuant to a general franchise granted to Montana-Dakota by the Bismarck Board of City Commissioners on May 12, 1987. Montana-Dakota admits that CEC provides electric distribution service to designated geographic areas within the City of Bismarck pursuant to a limited franchise granted to CEC by the Bismarck Board of City Commissioners on May 25, 1993.
4. Montana-Dakota denies the allegations of paragraph 6 of the Complaint.

5. Answering paragraph 7 of the Complaint, Montana-Dakota admits it has extended electric distribution lines in Promontory Point III. Montana-Dakota denies the remaining allegations of paragraph 7 of the Complaint.

6. Montana-Dakota holds a general franchise to provide electric distribution service within the City of Bismarck.

7. Promontory Point III is within the scope of Montana-Dakota general franchise from the City of Bismarck.

8. Promontory Point III is not within the limited franchise CEC holds from the City of Bismarck.

9. CEC is prohibited from providing electric distribution service within Promontory Point III.

10. The power of the City of Bismarck to franchise the construction and operation of a public utility within the corporate limits of the City can not be abridged by the legislative assembly. Article VII, Section 11 of the North Dakota Constitution.

11. No law can grant the right to construct or operate an electric distribution system within a city without requiring the consent of the local authorities having control of the street or highway proposed to be occupied for such purposes. Article XII, Section 10 of the North Constitution.

12. Nothing in Chapter 49-03 can limit the authority of the governing board of a city in exercising its franchising authority under section 40-05-01. N.D.C.C. § 49-03-06(8).

13. The Public Service Commission does not have jurisdiction to restrain or enjoin Montana-Dakota from exercising its franchise authority to provide electric distribution services within Promontory Point III.

14. The Public Service commission does not have jurisdiction to allow CEC to provide electric distribution services within Promontory Point III without a franchise from the City of Bismarck.

14. The Complaint fails to state a claim upon which relief can be granted.

15. CEC is barred by operation of law and its bylaws from serving customers within Promontory Point III.

Therefore, Montana-Dakota requests the Public Service Commission to issue an order dismissing the Complaint of CEC against Montana-Dakota.

Dated this 1st day of August, 2006.

Respectfully submitted,
Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.

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