

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co., a Division  
of MDU Resources Group, Inc.  
Electric Rate Increase  
Application**

**Case No. PU-10-124**

**ORDER ON INTERIM RATES**

**June 16, 2010**

On April 19, 2010, Montana-Dakota Utilities Co. (MDU) filed an application to increase its electric rates including an interim rate increase.

Under North Dakota Century Code section 49-05-06(2) a company filing for a rate increase is entitled to an interim increase, but the rate increase must meet certain criteria. These include: the same rate of return on common equity authorized by the Commission in the public utility's most recent rate proceeding; rate base and expense items the same in nature and kind allowed by the Commission in its most recent rate proceeding and; no change in the existing rate design.

MDU's interim rate increase is based on a projected 2010 test year and seeks an increase in annual revenue collections of \$7,617,000 or an overall increase in retail revenues of 7.04%. To accomplish this, MDU filed an Interim Rate Adjustment to increase revenue from each customer class by 7.04% and collect the increased revenue using an increased per kWh use charge.

On June 7, 2010, the Commission's advocacy staff filed comments agreeing to the amount of the interim rate increase but argued that the increase should be charged to customers on a percentage basis rather than per kWh use. Advocacy staff argues that an increase strictly on kWh use results in a change to existing rate design. MDU agrees to use staff's method and apply a 7.91% increase to base rates, energy charges and demand charges with no increase applied to fuel clause and other charges. Overall, total annual revenue collections will increase by 7.04%.

In the event the interim rate amounts collected by MDU are in excess of the final rates approved by the Commission, MDU is required to refund the excess under North Dakota Century Code section 49-05-06(4), including interest at a rate to be determined by the Commission.

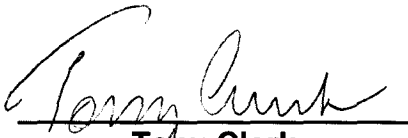
**Order**

The Commission orders:

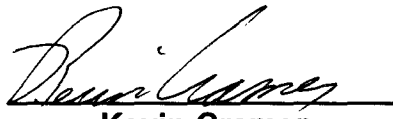
1. MDU's proposed interim increase of \$7,617,000 per year is approved.

2. MDU shall apply an equal percentage increase to base rates, energy charges and demand charges with no increase applied to fuel clause and other charges.
3. Interim rates shall be effective for service billed on or after June 18, 2010.
4. The Interim Rate Adjustment will be shown as a separate line item on customer bills.
5. MDU is not required to obtain a bond under North Dakota Century Code section 49-05-06(3) to secure a refund required under North Dakota Century Code section 49-05-06(4).
6. MDU may combine its interim rate notice with its rate increase application notice to customers.

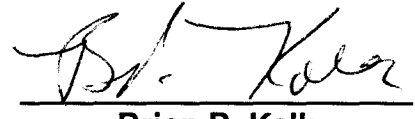
**PUBLIC SERVICE COMMISSION**



**Tony Clark**  
Commissioner



**Kevin Cramer**  
Chairman



**Brian P. Kalk**  
Commissioner