

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

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Cara DeSaye deposes and says that:

she is over the age of 18 years and not a party to this action, and, on the **22nd** day of **June, 2010**, she deposited in the United States Mail, at Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

**Notice of Hearing and Notice of Public Input Sessions
Order on Interim Rates**

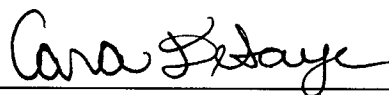
The envelope was addressed as follows:

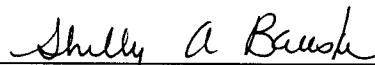
Mr. Dennis L. Haider
Executive Vice President- Regulatory, Gas
Supply and Business Development
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Cert. No. 7008 1830 0004 1758 5580

Each address shown is the respective addressee's last reasonably ascertainable post office address.

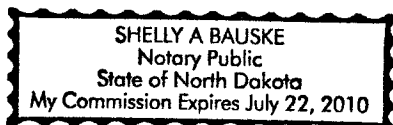
Subscribed and sworn to before me
this **22nd** day of **June, 2010**.





Notary Public

SEAL



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

**NOTICE OF HEARING and
NOTICE OF PUBLIC INPUT SESSIONS**

June 16, 2010

On April 19, 2010, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU) filed an application to increase its rates for electric utility service to provide additional annual revenue of \$15,396,303 or a 14% increase over current rates. The proposed monthly increase for a residential customer using 750 kilowatt-hours in a month is \$7.63.

A **public hearing** on this matter will be held beginning **November 8, 2010 at 8:30 a.m. CDT (7:30 a.m. MDT)** in the Commission hearing room, State Capitol, 12th Floor, Bismarck, North Dakota 58505. Issues to be considered in this matter are:

1. What is the value of MDU's property, used and useful, for the service and convenience of the public in North Dakota?
2. What is MDU's rate of return on its property, used and useful, for the service and convenience of the public in North Dakota?
3. What is a just and reasonable rate of return on MDU's property, used and useful, for the service and convenience of the public in North Dakota?
4. What rates and charges are necessary to provide a just and reasonable rate of return on MDU's property, used and useful, for the service and convenience of the public in North Dakota?
5. Are MDU's proposed rate schedules designed in such a manner that they result in a basis of charge to its customers that is just and reasonable without discrimination?
6. Other relevant information or proposals concerning the proceeding.

Public input sessions will be held via interactive television on July 12 at 12:00 p.m. CDT (11:00 a.m. MDT) and on July 13 at 7:30 p.m. CDT (6:30 p.m. MDT). Members of the public are invited to appear and participate in the public input session at the locations set forth below.

<p>Bismarck State College Vocational Technical Ctr Rm 216 1200 College Dr Bismarck ND 58501</p>	<p>Dickinson State University Klinefelter Hall, Room 216 Dickinson, ND 58601</p>
<p>Williston State College Main Building, Room 108 Williston ND 58801</p>	

The public will also be able to hear the input session by connecting to the Commission's web site <http://www.nd.gov/psc> and then clicking on the link at the bottom of the home page that says Broadcast of Public Input Sessions over IVN. The Commission will receive e-mail questions during the session at ndpsc@nd.gov.

A public input session is not considered part of the technical hearing and the discussion at a session will not become part of the record evidence reviewed by the Commission in making its decision. The discussion will, however, aid the Commission and its staff in identifying areas of concern that may require further investigation.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400 or 877-245-6685 (toll free in North Dakota), or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials, please notify the Commission at least 24 hours in advance.

PUBLIC SERVICE COMMISSION


Tony Clark
Commissioner


Kevin Cramer
Chairman


Brian P. Kalk
Commissioner

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.

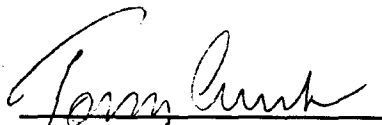
Order

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**