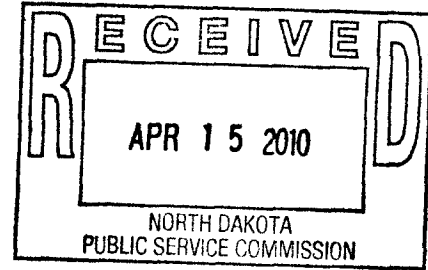




A Division of MDU Resources Group, Inc.

705 West Fir Ave.
PO Box 176
Fergus Falls, MN 56538-0176
(218) 736-6935

April 15, 2010



Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505

Re: Annual Report

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., herewith submits one copy of its Gas Annual Report for the year ended December 31, 2009 consisting of:

- North Dakota Gas Annual Report ✓
- North Dakota Gas Cost of Service Study
- Report of Independent Public Accountants

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

Rita A. Mulkern
Regulatory Analysis Manager

Enclosures

ANNUAL REPORT

STATE OF NORTH DAKOTA

GREAT PLAINS NATURAL GAS CO.

FOR THE YEAR ENDED DECEMBER 31, 2009



A Division of MDU Resources Group, Inc.

In the Community to Serve®

INDEX

- I. Intrastate Return on Equity
- II. Capital Structure
- III. Miscellaneous Statistics

**GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Line #	Description	(A)	(B)	(C)	(D)	(E)
		Total Company	2009 North Dakota	ND % (B / A)	2008 North Dakota	Variance (B-D / D)
<u>Operating Revenues:</u>						
1	Residential	\$15,114,105	\$1,256,627	8.31%	\$1,825,784	-31.17%
2	Firm General	9,495,839	1,046,788	11.02%	1,593,991	-34.33%
3	Small Interruptible	5,233,776	649,732	12.41%	1,235,031	-47.39%
4	Large Interruptible	5,291,338				
5	Transportation	1,174,215	137,870	11.74%	131,350	4.96%
6	Other Operating Revenues	169,276	14,188	8.38%	12,838	10.52%
7	Reserve for Refunds					
8	Unbilled Revenue	(749,520)	85,702	-11.43%	(9,675)	-985.81%
9	Total Operating Revenues	\$35,729,029	\$3,190,907	8.93%	\$4,789,319	-33.37%
<u>Operating Expenses:</u>						
10	Cost of Purchased Gas	\$26,509,313	\$2,456,661	9.27%	\$4,087,838	-39.90%
11	Production Expense	60,389	3,045	5.04%	3,963	-23.16%
12	Transmission Expense	33,463	8,341	24.93%	10,887	-23.39%
13	Distribution Expense	1,911,639	181,518	9.50%	184,679	-1.71%
14	Customer Accounts Expense	955,630	79,854	8.36%	114,533	-30.28%
15	Customer Service & Info. Exp.	47,814	5,305	11.10%	8,460	-37.29%
16	Sales Expense	50,913	5,456	10.72%	6,632	-17.73%
17	Administration & General Exp.	2,219,084	174,484	7.86%	216,920	-19.56%
18	Depreciation Expense	1,390,841	117,416	8.44%	114,937	2.16%
19	Taxes Other than Income	506,464	31,552	6.23%	43,408	-27.31%
20	Total Operating Expenses	\$33,685,550	\$3,063,632	9.09%	\$4,792,257	-36.07%
21	Net Operating Income					
22	Before Income Taxes	\$2,043,479	\$127,275	6.23%	(\$2,938)	-4432.03%
<u>Income Tax Expense:</u>						
23	Investment Tax Credits					
24	Deferred Income Taxes	(\$140,234)	\$46,095	-32.87%	(\$62,778)	-173.43%
25	Income Taxes	716,329	(10,943)	-1.53%	46,417	-123.58%
26	Total Income Tax Expense	\$576,095	\$35,152	6.10%	(\$16,361)	-314.85%
27	Net Regulated Earnings	<u>\$1,467,384</u>	<u>\$92,123</u>	6.28%	<u>\$13,423</u>	586.31%

**GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

Line #	Description	(A)	(B)	(C)	(D)	(E)
		Total Company	2009 North Dakota	ND % (B / A)	2008 North Dakota	Variance (B-D / D)
	<u>Rate Base:</u>					
1	Plant in Service	\$32,384,063	\$2,945,265	9.09%	\$2,944,632	0.02%
2	Less: Accumulated Depreciation	22,098,405	2,387,647	10.80%	2,343,364	1.89%
3	Add: Construct. Work in Prog. 1/	190,335	4,515	2.37%	(3,477)	-229.85%
4	Net Plant in Service	<u>\$10,475,993</u>	<u>\$562,133</u>	5.37%	<u>\$597,791</u>	<u>-5.96%</u>
	<u>Additions: 2/</u>					
5	Materials and Supplies	\$189,763	\$20,054	10.57%	\$21,039	-4.68%
6	Prepayments	48,092	4,352	9.05%	3,841	13.30%
7	Gas in Underground Storage	679,179				
8	Fuel Stocks	74,515				
9	Unamortized Loss on Debt	<u>2,788,262</u>	<u>21,833</u>	<u>0.78%</u>	<u>36,869</u>	<u>-40.78%</u>
10	Total Additions	<u>\$3,779,811</u>	<u>\$46,239</u>	<u>1.22%</u>	<u>\$61,749</u>	<u>-25.12%</u>
	<u>Deductions:</u>					
11	Accum. Deferred Income Taxes	\$805,677	\$113,627	14.10%	\$134,765	-15.69%
12	Accumulated Deferred ITC's					
13	Cust. Advances for Construct.					
14	Total Deductions	<u>\$805,677</u>	<u>\$113,627</u>	<u>14.10%</u>	<u>\$134,765</u>	<u>-15.69%</u>
15	Average Rate Base	<u><u>\$13,450,127</u></u>	<u><u>\$494,745</u></u>	3.68%	<u><u>\$524,775</u></u>	-5.72%
16	Rate of Return on Avg. Rate Base	10.910%	18.620%		2.558%	
17	Less: Weighted Cost of Debt	3.155%	3.155%		3.019%	
18	Weighted Cost of Pref. Stock	<u>0.127%</u>	<u>0.127%</u>		<u>0.141%</u>	
19	Weighted Return on Equity	7.628%	15.338%		-0.602%	
20	% of Equity to Capital Structure	<u>51.437%</u>	<u>51.437%</u>		<u>48.717%</u>	
21	Return on Equity	<u><u>14.830%</u></u>	<u><u>29.819%</u></u>		<u><u>-1.236%</u></u>	
22	Return on Equity - Adjusted 3/		<u><u>27.782%</u></u>		<u><u>-3.342%</u></u>	

1/ Completed construction at December 31, 2009 not yet classified.

2/ Thirteen month average.

3/ Reflects exclusion of 401K tax deduction, not attributable to utility service.

GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

		(A)	(B)	(C)	(D)
Line #	Description	2009 Average (000's)	Ratio	Cost	Weighted Cost
1	Long-Term Debt	\$258,256	45.476%	6.855%	3.117%
2	Short Term Debt 1/	1,880	0.331%	11.590%	0.038%
3	Preferred Equity	15,650	2.756%	4.597%	0.127%
4	Common Equity	292,113	51.437%	2/	2/
5	Total	<u>\$567,899</u>	<u>100.000%</u>		<u>2/</u>

1/ Reflects monthly average short term debt.

2/ Return on equity is calculated in Section I, page 2 of 2.

II. CAPITAL STRUCTURE - TOTAL UTILITY

GREAT PLAINS NATURAL GAS CO.
LONG-TERM DEBT CAPITAL
DECEMBER 31, 2009

Description	Date of Issuance	Date of Maturity	Interest Rate	Principal Amount of Issue	Gross Proceeds	Underwriters' Commission		Loss on Reacquisition	
						Amount	% Gross Proceeds	Amount	% Gross Proceeds
<u>First Mortgage Bonds:</u>									
Secured Medium-term Notes, Series A:									
6.61% - Senior Note	9/1/2009	9/30/2016	6.610%	\$25,000,000	\$25,000,000	\$59,494	0.238%	\$517,288	2.069%
6.66% - Senior Note	10/1/2009	9/30/2016	6.660%	25,000,000	25,000,000	59,494	0.238%	517,288	2.069%
5.98% - Senior Note	12/15/2003	12/15/2033	5.980%	30,000,000	30,000,000	262,500	0.875%	280,668	0.936%
6.33% - Senior Note	8/24/2006	8/24/2026	6.330%	100,000,000	100,000,000	344,061	0.344%	10,532,009	10.532%
6.04% - Senior Note	9/16/2008	9/16/2018	6.040%	100,000,000	100,000,000	362,432	0.362%	0	0.000%
				<u>\$280,000,000</u>	<u>\$280,000,000</u>	<u>\$1,087,981</u>		<u>\$11,847,253</u>	

Description	Net Proceeds		Cost of Money 1/	Principal		Embedded Cost
	Amount	Per Unit		Outstanding	Annual Cost	
<u>First Mortgage Bonds:</u>						
Secured Medium-term Notes, Series A:						
6.61% - Senior Note	\$24,423,218	97.693%	7.114%	\$25,000,000	\$1,778,500	
6.66% - Senior Note	24,423,218	97.693%	7.166%	25,000,000	1,791,500	
5.98% - Senior Note	29,456,832	98.189%	6.205%	30,000,000	1,861,500	
6.33% - Senior Note	89,123,930	89.124%	7.514%	100,000,000	7,514,000	
6.04% - Senior Note	99,637,568	99.638%	6.181%	100,000,000	6,181,000	
Total Long-Term Debt Capital	<u>\$267,064,766</u>			<u>\$280,000,000</u>	<u>\$19,126,500</u>	<u>6.831%</u>

1/ Yield to maturity based upon the life, net proceeds, semiannual compounding of stated interest rate, and amortization of indenture revision costs.

GREAT PLAINS NATURAL GAS CO.
ANNUAL REPORT TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Line #	Description	2009	2008	2007	2006	2005
<u>Customer Related</u>						
1	Year End Customers - Residential	1,689	1,693	1,694	1,686	1,692
2	- Firm General	352	349	345	344	346
3	- Small Interruptible	13	14	15	16	16
4	- Large Interruptible	0	0	0	0	0
5	- Other - Transportation 1/	9	9	9	9	9
6	- Total	<u>2,063</u>	<u>2,065</u>	<u>2,063</u>	<u>2,055</u>	<u>2,063</u>
7	Dk Throughput - Residential	147,266	149,621	137,944	131,597	145,357
8	- Firm General	132,721	136,089	136,770	125,578	116,049
9	- Small Interruptible	157,139	144,874	171,385	210,969	202,953
10	- Large Interruptible	0	0	0	0	0
11	- Other - Transportation	<u>1,323,127</u>	<u>1,274,166</u>	<u>1,342,312</u>	<u>1,386,775</u>	<u>1,345,259</u>
12	- Total	<u>1,760,253</u>	<u>1,704,750</u>	<u>1,788,411</u>	<u>1,854,919</u>	<u>1,809,618</u>

1/ May include duplication of customers also receiving sales service.