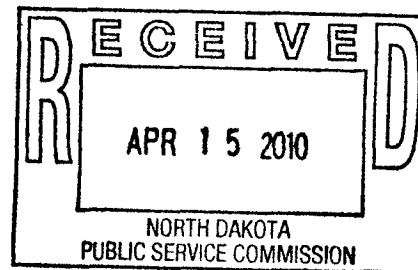


**GREAT PLAINS**  
**NATURAL GAS CO.**  
A Division of MDU Resources Group, Inc.

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

2 PU-10-134 Filed: 4/15/2010 Pages: 5  
North Dakota Gas Cost of Service Study

**NORTH DAKOTA COST OF SERVICE STUDY**

**GREAT PLAINS GAS OPERATIONS**

**2009**

**GREAT PLAINS NATURAL GAS CO.  
INCOME STATEMENT  
GAS UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<b><u>Operating Revenues</u></b>			
<b>Sales Revenues</b>			
Residential	\$15,114,105	\$1,256,627	\$13,857,478
Firm General	9,495,839	1,046,788	8,449,051
Small Interruptible	5,233,776	649,732	4,584,044
Large Interruptible	5,291,338		5,291,338
Unbilled Revenue	(749,520)	85,702	(835,222)
Total Sales Revenues	<u>\$34,385,538</u>	<u>\$3,038,849</u>	<u>\$31,346,689</u>
Transportation Revenues	1,174,215	137,870	1,036,345
Total Transportation Revenues	<u>\$1,174,215</u>	<u>\$137,870</u>	<u>1,036,345</u>
Other Operating Revenues	169,276	14,188	155,088
Total Operating Revenues	<u>\$35,729,029</u>	<u>\$3,190,907</u>	<u>\$32,538,122</u>
<b><u>Operating Expenses</u></b>			
<b>Operation and Maintenance</b>			
Cost of Purchased Gas	\$26,509,313	\$2,456,661	\$24,052,652
Production	60,389	3,045	57,344
Transmission	33,463	8,341	25,122
Distribution	1,911,639	181,518	1,730,121
Customer Accounts	955,630	79,854	875,776
Customer Service & Information	47,814	5,305	42,509
Sales	50,913	5,456	45,457
Administrative & General	2,219,084	174,484	2,044,600
Total O&M Expenses	<u>\$31,788,245</u>	<u>\$2,914,664</u>	<u>\$28,873,581</u>
<b>Depreciation</b>			
Production	\$12,557	\$0	\$12,557
Transmission	12,494	2,980	9,514
Distribution	1,096,133	93,590	1,002,543
General	124,871	7,739	117,132
Common	37,795	3,429	34,366
Amort. of Intangible Plant - General	58,005	5,247	52,758
Amort. of Intangible Plant - Common	48,986	4,431	44,555
Total Depreciation Expense	<u>\$1,390,841</u>	<u>\$117,416</u>	<u>\$1,273,425</u>

**GREAT PLAINS NATURAL GAS CO.  
INCOME STATEMENT  
GAS UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<b><u>Operating Expenses Con't.</u></b>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$19,820	\$0	\$19,820
Transmission	13,046	3,600	9,446
Distribution	299,147	13,787	285,360
General	28,098	1,201	26,897
Common	10,700	984	9,716
Intangible	53	53	0
Total Ad Valorem Taxes	<u>\$370,864</u>	<u>\$19,625</u>	<u>\$351,239</u>
Other Taxes	135,600	11,927	123,673
Total Taxes Other Than Income Taxes	<u>\$506,464</u>	<u>\$31,552</u>	<u>\$474,912</u>
Current Income Taxes	716,329	(10,943)	727,272
Deferred Income Taxes	(140,234)	46,095	(186,329)
Total Operating Expenses	<u>\$34,261,645</u>	<u>\$3,098,784</u>	<u>\$31,162,861</u>
<b>Operating Income</b>	<u><u>\$1,467,384</u></u>	<u><u>\$92,123</u></u>	<u><u>\$1,375,261</u></u>
<b>Year End Rate Base</b>	<u><u>\$13,144,176</u></u>	<u><u>\$447,718</u></u>	<u><u>\$12,696,458</u></u>
<b>Rate of Return</b>	<u><u>11.16%</u></u>	<u><u>20.58%</u></u>	<u><u>10.83%</u></u>

**GREAT PLAINS NATURAL GAS CO.  
YEAR END RATE BASE  
GAS UTILITY  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<b><u>Plant in Service</u></b>			
Gas Plant in Service			
Production	\$1,038,139	\$0	\$1,038,139
Transmission	1,650,459	406,688	1,243,771
Distribution	23,387,722	2,155,243	21,232,479
General	4,052,283	188,084	3,864,199
Intangible Plant - General	628,186	56,928	571,258
Common	833,010	75,344	757,666
Intangible Plant - Common	795,335	71,938	723,397
Total Gas Plant in Service	<u>\$32,385,134</u>	<u>\$2,954,225</u>	<u>\$29,430,909</u>
Accumulated Reserve for Depreciation			
Production	\$925,351	(\$3,349)	\$928,700
Transmission	1,640,323	407,753	1,232,570
Distribution	16,792,808	1,864,370	14,928,438
General	1,940,827	58,183	1,882,644
Intangible Plant - General	543,509	49,269	494,240
Common	222,113	20,102	202,011
Intangible Plant - Common	486,096	43,966	442,130
Total Accum. Reserve for Depreciation	<u>\$22,551,027</u>	<u>\$2,440,294</u>	<u>\$20,110,733</u>
Net Gas Plant in Service	\$9,834,107	\$513,931	\$9,320,176
CWIP in Service Pending Reclas.	190,335	4,515	185,820
Total Gas Plant in Service	<u>\$10,024,442</u>	<u>\$518,446</u>	<u>\$9,505,996</u>
<b><u>Additions</u></b>			
Materials and Supplies	\$178,239	\$19,786	\$158,453
Fuel Stocks	55,556		55,556
Prepayments	744,216	793	743,423
Gas in Underground Storage	191,146		191,146
Unamortized Loss on Debt	2,724,750	15,530	2,709,220
Total Additions	<u>\$3,893,907</u>	<u>\$36,109</u>	<u>\$3,857,798</u>
Total Before Deductions	\$13,918,349	\$554,555	\$13,363,794
<b><u>Deductions</u></b>			
Accumulated Deferred Income Taxes	\$774,173	\$106,837	\$667,336
Accumulated Investment Tax Credits			
Customer Advances			
Total Deductions	<u>\$774,173</u>	<u>\$106,837</u>	<u>\$667,336</u>
<b>Year End Rate Base</b>	<u><u>\$13,144,176</u></u>	<u><u>\$447,718</u></u>	<u><u>\$12,696,458</u></u>