

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

105 West Lincoln Avenue

Mailing Address:

P.O. Box 176

Fergus Falls, MN 56538-0176

(218) 736-6935

April 15, 2011

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

PUBLIC SERVICE COMMISSION

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, 2010 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

Rita A. Mulkern
Regulatory Affairs Manager

Enclosures

NORTH DAKOTA COST OF SERVICE STUDY

GREAT PLAINS GAS OPERATIONS

2010

**GREAT PLAINS NATURAL GAS CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2010**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<u>Operating Revenues</u>			
Sales Revenues			
Residential	\$14,693,794	\$1,304,231	\$13,389,563
Firm General	9,531,024	1,132,651	8,398,373
Small Interruptible	4,612,374	1,061,410	3,550,964
Large Interruptible	5,036,495		5,036,495
Unbilled Revenue	(333,750)	(89,552)	(244,198)
Total Sales Revenues	<u>\$33,539,937</u>	<u>\$3,408,740</u>	<u>\$30,131,197</u>
Transportation Revenues	1,281,130	139,381	1,141,749
Total Transportation Revenues	<u>\$1,281,130</u>	<u>\$139,381</u>	<u>1,141,749</u>
Other Operating Revenues	284,144	13,785	270,359
Total Operating Revenues	<u>\$35,105,211</u>	<u>\$3,561,906</u>	<u>\$31,543,305</u>
<u>Operating Expenses</u>			
Operation and Maintenance			
Cost of Purchased Gas	\$26,160,042	\$2,839,809	\$23,320,233
Production	59,966	3,978	55,988
Transmission	16,185	3,997	12,188
Distribution	2,050,757	186,187	1,864,570
Customer Accounts	914,156	81,208	832,948
Customer Service & Information	120,063	3,852	116,211
Sales	42,386	2,929	39,457
Administrative & General	1,790,930	149,458	1,641,472
Total O&M Expenses	<u>\$31,154,485</u>	<u>\$3,271,418</u>	<u>\$27,883,067</u>
Depreciation			
Production	\$12,502		\$12,502
Transmission	12,493	\$2,952	9,541
Distribution	1,122,191	96,215	1,025,976
General	97,663	5,684	91,979
Common	34,630	3,153	31,477
Amort. of Intangible Plant - General	58,004	5,288	52,716
Amort. of Intangible Plant - Common	46,809	4,268	42,541
Total Depreciation Expense	<u>\$1,384,292</u>	<u>\$117,560</u>	<u>\$1,266,732</u>

**GREAT PLAINS NATURAL GAS CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2010**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<u>Operating Expenses Con't.</u>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	\$20,636		\$20,636
Transmission	16,357	\$4,383	11,974
Distribution	354,373	14,115	340,258
General	34,879	1,614	33,265
Common	10,200	927	9,273
Intangible	52	52	0
Total Ad Valorem Taxes	<u>\$436,497</u>	<u>\$21,091</u>	<u>\$415,406</u>
Other Taxes	234,916	20,588	214,328
Total Taxes Other Than Income Taxes	<u>\$671,413</u>	<u>\$41,679</u>	<u>\$629,734</u>
Current Income Taxes	428,340	(45,801)	474,141
Deferred Income Taxes	229,016	80,537	148,479
Total Operating Expenses	<u>\$33,867,546</u>	<u>\$3,465,393</u>	<u>\$30,402,153</u>
Operating Income	<u>\$1,237,665</u>	<u>\$96,513</u>	<u>\$1,141,152</u>
Year End Rate Base	<u>\$11,694,091</u>	<u>\$448,129</u>	<u>\$11,245,962</u>
Rate of Return	<u>10.58%</u>	<u>21.54%</u>	<u>10.15%</u>

**GREAT PLAINS NATURAL GAS CO.
YEAR END RATE BASE
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2010**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Other</u>
<u>Plant in Service</u>			
Gas Plant in Service			
Production	\$1,039,245		\$1,039,245
Transmission	1,650,460	\$402,902	1,247,558
Distribution	24,428,753	2,240,028	22,188,725
General	4,198,306	185,169	4,013,137
Intangible Plant - General	938,497	57,296	881,201
Common	914,044	83,329	830,715
Intangible Plant - Common	746,894	68,102	678,792
Total Gas Plant in Service	<u>\$33,916,199</u>	<u>\$3,036,826</u>	<u>\$30,879,373</u>
Accumulated Reserve for Depreciation			
Production	\$937,853	(\$3,318)	\$941,171
Transmission	1,652,820	406,911	1,245,909
Distribution	17,707,304	1,950,064	15,757,240
General	1,613,487	35,227	1,578,260
Intangible Plant - General	601,209	54,864	546,345
Common	363,625	33,144	330,481
Intangible Plant - Common	494,579	45,096	449,483
Total Accum. Reserve for Depreciation	<u>\$23,370,877</u>	<u>\$2,521,988</u>	<u>\$20,848,889</u>
Net Gas Plant in Service	\$10,545,322	\$514,838	\$10,030,484
CWIP in Service Pending Reclass.	248,928	7,049	241,879
Total Gas Plant in Service	<u>\$10,794,250</u>	<u>\$521,887</u>	<u>\$10,272,363</u>
<u>Additions</u>			
Materials and Supplies	\$180,388	\$19,295	\$161,093
Fuel Stocks	32,191		32,191
Prepayments	71,364	781	70,583
Gas in Underground Storage	1,221,080		1,221,080
Unamortized Loss on Debt	159,938	11,426	148,512
Total Additions	<u>\$1,664,961</u>	<u>\$31,502</u>	<u>\$1,633,459</u>
Total Before Deductions	\$12,459,211	\$553,389	\$11,905,822
<u>Deductions</u>			
Accumulated Deferred Income Taxes	\$765,120	\$105,260	\$659,860
Accumulated Investment Tax Credits			
Customer Advances			
Total Deductions	<u>\$765,120</u>	<u>\$105,260</u>	<u>\$659,860</u>
Year End Rate Base	<u><u>\$11,694,091</u></u>	<u><u>\$448,129</u></u>	<u><u>\$11,245,962</u></u>