

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

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

Case No. PU-13-803

ORDER ON INTERIM RATES

October 9, 2013

On September 18, 2013, Montana-Dakota Utilities Co., a Division of MDU Resources (MDU) filed with the Commission an increase of its natural gas service rates to become effective October 18, 2013, Case No. PU-13-803.

On September 25, 2013, the Commission by motion suspended the rate. The Commission may order a hearing concerning the rates.

Under N.D.C.C. §49-05-06(2) a company filing for a rate increase is entitled to an interim increase. The interim rate increase must meet certain criteria including: 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. Since the Company is requesting a lower return on common equity than currently authorized, the Company used the lower rate in calculating its interim increase.

MDU's rate increase is based on a projected 2014 test year and is an increase in annual revenue collections of \$6.8 million, or an overall increase in retail revenues of 6.4%. The interim increase is \$4.5 million, or an overall increase in revenue collections of 4.162%. When applied to the non-fuel portion of the bill, the effective increase to firm service customers is 16.442%. The monthly increase for the average residential customer is approximately \$2.52. The interim increase amount billed will be shown as a separate line item on a customer's bill.

On September 25, 2013, the Commission's advocacy staff filed comments stating that MDU's interim increase complies with the laws regarding interim rate increases.

The Commission finds that MDU's interim increase complies with the laws regarding interim rate increases.

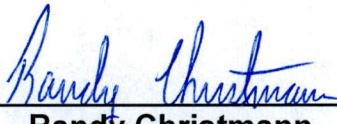
In the event the interim rate amounts collected by MDU are in excess of final rates approved by the Commission, MDU is required to refund the excess under North Dakota Century Code §49-05-06(4), including interest at a rate to be determined by the Commission.

Order

The Commission orders:

1. Montana-Dakota Utilities' interim rates to increase annual revenue collections by \$4.5 million shall be effective for service rendered on or after November 17, 2013.
2. Montana-Dakota Utilities is not required to obtain a bond under North Dakota Century Code §49-05-06(3) to secure a refund required under North Dakota Century Code §49-05-06(4).

PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Brian P. Kalk
Chairman



Julie Fedorchak
Commissioner