



**MONTANA-DAKOTA**

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street  
Bismarck, ND 58501  
(701) 222-7900

February 10, 2003

**RECEIVED**

FEB 11 2003

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Ms. Pamela Bonrud  
Executive Director  
South Dakota Public Utilities  
Commission  
State Capitol Building  
500 East Capitol  
Pierre, SD 57501

Re: Purchased Gas Cost Adjustment  
(PGA) Docket No. \_\_\_\_\_

Dear Ms. Bonrud:

In accordance with South Dakota Codified Laws, Chapter 49-34A, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits an original and two (2) copies of a Purchased Gas Cost Adjustment (PGA) change pursuant to the terms of Rates 88 and 89.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has increased approximately \$0.11 per dk since the last PGA filing due to an increase in the overall market price of gas. In addition, Montana-Dakota is proposing to implement an out-of-cycle surcharge adjustment to be effective March 1, 2003 through April 30, 2003. The deferred gas cost account balance is approaching zero and Montana-Dakota proposes to zero out the surcharge effective March 1, 2003 rather than waiting until the normal adjustment date of May 1, 2003.

The Black Hills system PGA tariff sheet (Exhibit A, page 1) summarizes the gas cost adjustment, calculated pursuant to the terms of Rate 88 and the out-of-cycle surcharge adjustment, that will apply during the month of March 2003. The total PGA level is \$1.369 per dk for residential and general service customers, \$1.726 per dk for large interruptible customers and \$1.962 per dk for the Air Force.

The net effect of this filing for the Black Hills system, calculated pursuant to the terms of Rate 88 with the out-of-cycle surcharge adjustment, is an increase of \$0.735 per dk for residential and general service customers, an increase of \$0.610 per dk for large interruptible customers and an increase of \$0.613 per dk for the Air Force from the currently effective rates. Absent implementation of the out-of-cycle surcharge adjustment, the changes would be an increase of \$0.105 per dk for residential and general service customers, an increase of \$0.120 per dk for large interruptible customers and an increase of \$0.118 per dk for the Air Force from the currently effective rates.

Exhibit B shows the calculation of the current gas cost adjustment that will be applicable to Montana-Dakota's Black Hills system customers for the month of March 2003. The average cost of gas for firm customers, adjusted for losses, is \$5.069.

Exhibit C shows the calculation of the return on storage inventory balances and prepaid demand and commodity balances using the calculation procedure set forth in Rate 88 for the Black Hills system. The overall rate of return of 10.149% was authorized by the Commission in Docket No. NG94-012.

Exhibit E shows the calculation of the out-of-cycle surcharge adjustment for the Black Hills system that will apply during the period March 1, 2003 through April 30, 2003. In view of the deferred gas cost account balances approaching zero, while reflecting a negative surcharge in rates, Montana-Dakota is proposing to implement a zero surcharge in all classes effective March 1, 2003 and recalculate the surcharge adjustment again in May 2003, pursuant to the tariff. This out-of-cycle surcharge adjustment will prevent a build-up in the deferred account. A waiver from Section 4(a) of the PGA tariff, which specifies that the surcharge adjustment is effective May 1 of each year, is required and Montana-Dakota herewith requests such waiver.

The East River system PGA tariff sheet (Exhibit A, page 2) summarizes the gas cost level, calculated pursuant to the terms of Rate 89 and the out-of-cycle surcharge adjustment, that will apply during the month of March 2003. The total PGA level is \$5.466 per dk for general service customers served under the currently effective General Services Rate 66 and \$3.801 per dk for customers on the 100% load factor rate.

The net effect of this filing for the East River system, calculated pursuant to the terms of Rate 89 with the out-of-cycle surcharge adjustment, is an increase of \$0.497 per dk for general service customers and an increase of \$0.165 per dk for customers on the 100% load factor rate from the currently effective rates. Absent implementation of the out-of-cycle surcharge adjustment, the changes would be an increase of \$0.073 per dk for general service customers and an increase of \$0.120 per dk for customers on the 100% load factor rate from the currently effective rates.

Exhibit D shows the calculation of the current gas cost level that will be applicable to Montana-Dakota's East River system customers for the month of March 2003. The average cost of gas for firm customers, adjusted for losses, is \$5.466.

Exhibit D, page 3 shows the calculation of the return on storage inventory balances and prepaid demand and commodity balances using the calculation procedure set forth in Rate 89 for the East River system. The overall rate of return of 10.271% was authorized by the Commission in Docket No. NG93-003.

Exhibit F shows the calculation of the out-of-cycle surcharge adjustment for the East River system that will apply during the period March 1, 2003 through April 30, 2003. In view of the deferred gas cost account balances approaching zero, while reflecting a negative surcharge in rates, Montana-Dakota is proposing to implement a zero surcharge in all classes effective March 1, 2003 and recalculate the surcharge adjustment again in May 2003, pursuant to the tariff. This out-of-cycle surcharge adjustment will prevent a build-up in the deferred account. A waiver from Section 4(a) of the PGA tariff, which specifies that the surcharge adjustment is effective May 1 of each year, is required and Montana-Dakota herewith requests such waiver.

These proposed adjustments, calculated in accordance with Rates 88 and 89 with the out-of-cycle surcharge adjustment, will amount to an increase of approximately \$523,000 for Black Hills system gas customers and an increase of approximately \$37,000 for East River system gas customers during the month of March 2003. All of Montana-Dakota's retail gas customers in South Dakota may be affected by this proposal. There were 40,997 customers on the Black Hills system and 5,349 customers on the East River system as of December 31, 2002.

Please refer all inquiries regarding this filing to:

Mr. Donald R. Ball  
Asst. Vice President – Regulatory Affairs  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Douglas W. Schulz  
Senior Attorney & Assistant Secretary  
MDU Resources Group, Inc.  
P. O. Box 5650  
Bismarck, ND 58506-5650

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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,



Donald R. Ball  
Assistant Vice President –  
Regulatory Affairs

Attachments  
c: D. Schulz  
D. Gerdes



MONTANA-DAKOTA UTILITIES CO.  
PGA TARIFF SHEET  
BLACK HILLS  
EFFECTIVE MARCH 2003

	Residential & General Service	Large Interruptible	Air Force
<b><u>Gas Cost Adjustment:</u></b>			
Prior Cumulative Gas Cost Adjustment	\$1.264	\$1.606	\$1.844
Current Gas Cost Adjustment (Exhibit B)	<u>\$0.105</u>	<u>\$0.120</u>	<u>\$0.118</u>
Cumulative Gas Cost Adjustment	\$1.369	\$1.726	\$1.962
<b><u>Surcharge Adjustment:</u></b>			
Current Adjustment (Exhibit E)	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>
<b>TOTAL PGA</b>	<b><u><u>\$1.369</u></u></b>	<b><u><u>\$1.726</u></u></b>	<b><u><u>\$1.962</u></u></b>
TOTAL PGA - Current	<u>\$0.634</u>	<u>\$1.116</u>	<u>\$1.349</u>
<b>Net Increase (Decrease)</b>	<b><u><u>\$0.735</u></u></b>	<b><u><u>\$0.610</u></u></b>	<b><u><u>\$0.613</u></u></b>
Gas Cost Level in Base Rates	\$3.700	\$2.084	\$1.805
Plus: Total PGA	<u>1.369</u>	<u>1.726</u>	<u>1.962</u>
Total Gas Cost Level in Rates	<u><u>\$5.069</u></u>	<u><u>\$3.810</u></u>	<u><u>\$3.767</u></u>

MONTANA-DAKOTA UTILITIES CO.  
PGA TARIFF SHEET  
EAST RIVER  
EFFECTIVE MARCH 2003

	<u>General Service</u>	<u>100% Load Factor</u>
<b><u>Gas Cost Adjustment:</u></b>		
Prior Cumulative Gas Cost Adjustment	\$5.393	\$3.681
Current Gas Cost Adjustment (Exhibit D)	<u>\$0.073</u>	<u>\$0.120</u>
Cumulative Gas Cost Adjustment	\$5.466	\$3.801
<b><u>Surcharge Adjustment:</u></b>		
Current Adjustment (Exhibit F)	<u>\$0.000</u>	<u>\$0.000</u>
<b>TOTAL PGA</b>	<b><u><u>\$5.466</u></u></b>	<b><u><u>\$3.801</u></u></b>
TOTAL PGA - Current	<u>\$4.969</u>	<u>\$3.636</u>
<b>Net Increase (Decrease)</b>	<b><u><u>\$0.497</u></u></b>	<b><u><u>\$0.165</u></u></b>
Gas Cost Level in Base Rates	\$0.000	\$0.000
Plus: Total PGA	<u>5.466</u>	<u>3.801</u>
Total Gas Cost Level in Rates	<u><u>\$5.466</u></u>	<u><u>\$3.801</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
BLACK HILLS SYSTEM - RESIDENTIAL AND GENERAL SERVICE  
EFFECTIVE MARCH 2003**

	Amount
Total Gas Costs 1/	\$26,580,809
Residential and General Service dk Requirements 2/	5,303,827
Average Cost of Gas per dk	\$5.012
Average Cost of Gas as Adjusted for Losses @ 98.88%	\$5.069
Less: Gas Cost Level in Base Tariff Rates 3/	\$3.700
Cumulative Gas Cost Adjustment	\$1.369
Less: Prior Cumulative Adjustment (PGA effective February 1, 2003)	\$1.264
<b>Current Gas Cost Adjustment</b>	<b>\$0.105</b>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 4 - 7 for Williston Basin Interstate Pipeline Company currently effective rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C.

2/ Normalized dk sales for the twelve months ended December 31, 2002, adjusted for losses at 1.12%.

3/ Gas Cost Level in Base Tariff Rates:

Cost of Purchased Gas	\$3.659
Adjustment for Distribution Losses	0.9888
Gas Cost Level in Base Tariff Rates	\$3.700

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
BLACK HILLS SYSTEM - LARGE INTERRUPTIBLE  
EFFECTIVE MARCH 2003**

	Amount
Total Gas Costs 1/	\$3,404,157
Large Interruptible Service dk Requirements	903,610
Average Cost of Gas per dk	\$3.767
Average Cost of Gas as Adjusted for Losses @ 98.88%	\$3.810
Less: Gas Cost Level in Base Tariff Rates 2/	\$2.084
Cumulative Gas Cost Adjustment	\$1.726
Less: Prior Cumulative Adjustment (PGA effective February 1, 2003)	\$1.606
<b>Current Gas Cost Adjustment</b>	<b>\$0.120</b>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 4 - 7 for Williston Basin Interstate Pipeline Company currently effective rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C, allocated to interruptible on MDDQ.

2/ Gas Cost Level in Base Tariff Rates:	
Cost of Purchased Gas	\$2.061
Adjustment for Distribution Losses	0.9888
Gas Cost Level in Base Tariff Rates	\$2.084

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
BLACK HILLS SYSTEM - AIR FORCE  
EFFECTIVE MARCH 2003**

	Amount
Total Gas Costs 1/	\$2,825,500
Air Force Interruptible Service dk Requirements	750,000
Average Cost of Gas per dk	\$3.767
Less: Gas Cost Level in Base Tariff Rates 2/	\$1.805
Cumulative Gas Cost Adjustment	\$1.962
Less: Prior Cumulative Adjustment (PGA effective February 1, 2003)	\$1.844
<b>Current Gas Cost Adjustment</b>	<b>\$0.118</b>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 4 - 7 for Williston Basin Interstate Pipeline Company currently effective rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C, allocated to the Air Force on MDDQ.

2/ Gas Cost Level in Base Tariff Rates:

Cost of Purchased Gas	\$1.785
Adjustment for Distribution Losses	0.9888
Gas Cost Level in Base Tariff Rates	\$1.805

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	GTI SURCHARGE A/	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FT-1							
RESERVATION CHARGE							
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)							
MAXIMUM	RATE PER EQV. DKT PER MO.	927.619	B/	N.A.	N.A.	N.A.	927.619 B/
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	0.000	N.A.	N.A.	N.A.	0.000
COMMODITY CHARGE							
MAXIMUM C/	RATE PER DKT	3.611	0.400	0.210	N.A.	N.A.	4.221
MINIMUM C/	RATE PER DKT	3.611	0.000	0.210	N.A.	N.A.	3.821
SCHEDULED OVERRUN CHARGE							
MAXIMUM C/	RATE PER DKT	38.456	0.400	0.210	N.A.	N.A.	39.066
MINIMUM C/	RATE PER DKT	3.611	0.000	0.210	N.A.	N.A.	3.821

- A/ GTI SURCHARGE IS APPLICABLE TO TRANSPORTATION DELIVERIES TO ALL DELIVERY POINTS EXCEPT POINTS OF INTERCONNECTION WITH GTI MEMBER PIPELINES. IF A TRANSPORTATION TRANSACTION IS DISCOUNTED, THE GTI SURCHARGE(S) WILL BE DEEMED TO BE THE FIRST COMPONENT OF THE TOTAL RATE TO BE DISCOUNTED.
- B/ A GTI SURCHARGE OF 5.000 CENTS PER EQUIVALENT DKT PER MONTH FOR SHIPPERS WITH LOAD FACTORS EXCEEDING 50% OR 3.100 CENTS PER EQUIVALENT DKT PER MONTH FOR SHIPPERS WITH LOAD FACTORS OF 50% OR LESS MAY ALSO APPLY TO SERVICE UNDER THIS RATE SCHEDULE IN ACCORDANCE WITH FOOTNOTE A.
- C/ SHIPPER MUST REIMBURSE TRANSPORTER FOR TRANSPORTATION FUEL USE, LOST AND UNACCOUNTED FOR GAS EITHER IN-KIND OR IN-DOLLARS AS SPECIFIED IN THE SERVICE AGREEMENT. FOR IN-KIND REIMBURSEMENT, THE APPLICABLE PERCENTAGE IS 2.208%, CONSISTING OF 3.720% FOR THE CURRENT PERCENTAGE AND (1.512)% FOR THE SURCHARGE ADJUSTMENT. FOR FUEL CHARGE REIMBURSEMENT IN-DOLLARS, THE APPLICABLE RATE IS 6.778 CENTS, CONSISTING OF 12.130 CENTS FOR THE CURRENT CHARGE AND (5.352) CENTS FOR THE SURCHARGE ADJUSTMENT. THESE PERCENTAGES OR CHARGES SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S TRANSMISSION FACILITIES.

Exhibit B  
Page 4 of 7

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	GTI SURCHARGE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FT-1 CONTINUED							
FIRM GATHERING CHARGE							
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)							
MAXIMUM	RATE PER EQV. DKT PER MO.	965.986	N.A.	N.A.	N.A.	N.A.	965.986
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	N.A.	0.000
COMMODITY GATHERING CHARGE							
MAXIMUM A/	RATE PER DKT	1.433	N.A.	N.A.	N.A.	N.A.	1.433
MINIMUM A/	RATE PER DKT	1.433	N.A.	N.A.	N.A.	N.A.	1.433
INTERRUPTIBLE GATHERING CHARGE							
MAXIMUM A/	RATE PER DKT	42.572	N.A.	N.A.	N.A.	N.A.	42.572
MINIMUM A/	RATE PER DKT	1.433	N.A.	N.A.	N.A.	N.A.	1.433

A/ SHIPPER MUST REIMBURSE TRANSPORTER FOR GATHERING FUEL USE, LOST AND UNACCOUNTED FOR GAS EITHER IN-KIND OR IN-DOLLARS AS SPECIFIED IN THE SERVICE AGREEMENT. FOR IN-KIND REIMBURSEMENT, THE APPLICABLE PERCENTAGE IS (0.945)%, CONSISTING OF 0.861% FOR THE CURRENT PERCENTAGE AND (1.806)% FOR THE SURCHARGE ADJUSTMENT. FOR FUEL CHARGE REIMBURSEMENT IN-DOLLARS, THE APPLICABLE RATE IS (3.583) CENTS, CONSISTING OF 2.808 CENTS FOR THE CURRENT CHARGE AND (6.391) CENTS FOR THE SURCHARGE ADJUSTMENT. THESE PERCENTAGES OR CHARGES SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S GATHERING FACILITIES.

Exhibit B  
Page 5 of 7

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	GTI SURCHARGE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
<b>RATE SCHEDULE FTN-1</b>							
<b>RESERVATION CHARGE</b>							
<b>MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)</b>							
MAXIMUM	RATE PER EQV. DKT PER MO.	58.288	N.A.	N.A.	N.A.	N.A.	58.288
MINIMUM	RATE PER EQV. DKT PER MO.	2.996	N.A.	N.A.	N.A.	N.A.	2.996
<b>RATE SCHEDULE STN 1</b>							
<b>COMMODITY CHARGE</b>							
MAXIMUM	RATE PER DKT	6.618	N.A.	N.A.	N.A.	N.A.	6.618
MINIMUM	RATE PER DKT	0.420	N.A.	N.A.	N.A.	N.A.	0.420

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	GTI SURCHARGE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
-----							
RATE SCHEDULE FS-1							
-----							
CAPACITY RESERVATION							
MAXIMUM	RATE PER EQV. DKT PER MO.	3.443	N.A.	N.A.	N.A.	N.A.	3.443
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	N.A.	0.000
CAPACITY DELIVERABILITY							
MAXIMUM	RATE PER EQV. DKT PER MO.	210.534	N.A.	N.A.	N.A.	N.A.	210.534
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	N.A.	0.000
INJECTION							
MAXIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632
MINIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632
WITHDRAWAL							
MAXIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632
MINIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632
SCHEDULED OVERRUN CHARGE							
INJECTION							
MAXIMUM A/	RATE PER DKT	27.073	N.A.	N.A.	N.A.	N.A.	27.073
MINIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632
WITHDRAWAL							
MAXIMUM A/	RATE PER DKT	27.073	N.A.	N.A.	N.A.	N.A.	27.073
MINIMUM A/	RATE PER DKT	1.632	N.A.	N.A.	N.A.	N.A.	1.632

A/ SHIPPER MUST REIMBURSE TRANSPORTER FOR STORAGE FUEL USE, LOST AND UNACCOUNTED FOR GAS EITHER IN-KIND OR IN-DOLLARS AS SPECIFIED IN THE SERVICE AGREEMENT. FOR IN-KIND REIMBURSEMENT, THE APPLICABLE PERCENTAGE IS 0.829%, CONSISTING OF 0.636% FOR THE CURRENT PERCENTAGE AND 0.193% FOR THE SURCHARGE ADJUSTMENT. FOR FUEL CHARGE REIMBURSEMENT IN-DOLLARS, THE APPLICABLE RATE IS 2.756 CENTS, CONSISTING OF 2.075 CENTS FOR THE CURRENT CHARGE AND 0.681 CENTS FOR THE SURCHARGE ADJUSTMENT. THESE PERCENTAGES OR CHARGES SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.

**MONTANA-DAKOTA UTILITIES CO.  
RETURN ON CYCLE STORAGE BALANCES  
AND PREPAID DEMAND AND COMMODITY BALANCES  
BLACK HILLS**

	General Service		
	Storage Balance 1/	Prepaid Commodity Balance 2/	Prepaid Demand
October 2002	\$5,352,824	\$276,986	\$1,381,016
November	5,113,662	230,963	1,115,644
December	2,972,047	143,461	523,100
January 2003	1,581,635	16,577	(135,692)
February	473,244	(58,749)	(530,765)
March	(281,334)	(113,872)	(808,020)
April	(293,901)	(127,083)	(770,489)
May	448,483	(97,244)	(471,440)
June	1,461,841	(52,423)	(15,300)
July	2,620,737	(544)	464,169
August	3,873,209	56,084	941,667
September	4,858,412	286,540	1,327,895
October	4,955,682	277,174	1,441,072
13 month average	\$2,548,965	\$64,452	\$343,297
Rate of Return	10.149%	10.149%	10.149%
Return	\$258,694	\$6,541	\$34,841
Return Requirement - Revenue	<u>\$398,589</u>	<u>\$10,078</u>	<u>\$53,682</u>

1/ Monthly balance from SENDOUT Model, allocated to the Black Hills system on the ratio of storage capacity MDDQ.

2/ Monthly balance allocated to the Black Hills system based on sales volumes.

MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
EAST RIVER- GENERAL SERVICE  
EFFECTIVE MARCH 2003

	<u>Amount</u>
Total Gas Costs 1/	\$3,389,902
Residential and General Service dk Requirements 2/	626,460
Average Cost of Gas per dk	\$5.411
Average Cost of Gas as Adjusted for Losses @ 99%	\$5.466
Less: Gas Cost Level in Base Tariff Rates 3/	<u>\$0.000</u>
Cumulative Gas Cost Adjustment	\$5.466
Less: Prior Cumulative Adjustment (PGA effective February 1, 2003)	<u>\$5.393</u>
<b>Current Gas Cost Adjustment</b>	<u><u>\$0.073</u></u>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 4 - 7 for Williston Basin Interstate Pipeline Company currently effective rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit D, page 3.

2/ Normalized dk sales for the twelve months ended December 31, 2002, adjusted for losses at 1%.

3/ Docket No. NG93-003.

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF CURRENT GAS COST ADJUSTMENT  
EAST RIVER - 100% LOAD FACTOR  
EFFECTIVE MARCH 2003**

	Amount
Total Gas Costs 1/	\$1,881,293
Dk Requirements	500,000
Average Cost of Gas per dk	\$3.763
Average Cost of Gas as Adjusted for Losses @ 99%	\$3.801
Less: Gas Cost Level in Base Tariff Rates	\$0.000
Cumulative Gas Cost Adjustment	\$3.801
Less: Prior Cumulative Adjustment (PGA effective February 1, 2003)	\$3.681
<b>Current Gas Cost Adjustment</b>	<b>\$0.120</b>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 4 - 7 for Williston Basin Interstate Pipeline Company currently effective rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit D, page 3, allocated on MDDQ.

**MONTANA-DAKOTA UTILITIES CO.  
RETURN ON CYCLE STORAGE BALANCES  
AND PREPAID DEMAND AND COMMODITY BALANCES  
EAST RIVER**

	General Service		
	Storage Balance 1/	Prepaid Commodity Balance 2/	Prepaid Demand
October 2002	\$787,745	\$24,230	\$218,252
November	752,549	19,030	172,785
December	437,380	9,509	70,418
January 2003	232,743	1,957	(46,984)
February	69,639	(6,939)	(116,812)
March	(41,399)	(13,450)	(156,343)
April	(43,249)	(15,011)	(136,768)
May	65,996	(11,486)	(78,346)
June	215,115	(6,192)	(2,639)
July	385,650	(64)	73,292
August	569,956	6,625	148,451
September	714,932	33,844	215,501
October	729,246	32,738	243,553
13 month average	\$375,100	\$5,753	\$46,489
Rate of Return	10.271%	10.271%	10.271%
Return	\$38,527	\$591	\$4,775
Return Requirement - Revenue	<u>\$59,361</u>	<u>\$911</u>	<u>\$7,357</u>

1/ Monthly balance from SENDOUT Model, allocated to East River on ratio of storage capacity MDDQ.

2/ Monthly balance allocated to East River based on sales volumes.

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT  
APPLICABLE TO SOUTH DAKOTA  
FIRM  
TO BE EFFECTIVE MARCH 1, 2003 THROUGH APRIL 30, 2003**

(Over)/under recovered gas costs @ December 31, 2002 (\$1,659,974)

Less: Projected recovery from rates already established

	Volume	Rate	Amount
January	888,900	(\$0.630)	(560,007)
February	713,700	(0.630)	(449,631)
	1,602,600		(1,009,638)
Estimated balance at February 28, 2003			(\$650,336)
 Total (over)/under recovered gas cost adjustment to be effective March 1, 2003 through April 30, 2003			 <b>\$0.000</b>

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER)/UNDER RECOVERED GAS COST ADJUSTMENT  
APPLICABLE TO SOUTH DAKOTA  
INTERRUPTIBLE  
TO BE EFFECTIVE MARCH 1, 2003 THROUGH APRIL 30, 2003**

(Over)/under recovered gas costs @ December 31, 2002 \$1,480

Less: Projected recovery from rates already established

	Volume	Rate	Amount
January	12,800	(\$0.490)	(6,272)
February	9,700	(0.490)	(4,753)
	22,500		(11,025)
 Estimated balance at February 28, 2003			 \$12,505
 Total (over) / under recovered gas cost adjustment to be effective March 1, 2003 through April 30, 2003			 <b>\$0.000</b>

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER)/UNDER RECOVERED GAS COST ADJUSTMENT  
APPLICABLE TO SOUTH DAKOTA  
AIR FORCE  
TO BE EFFECTIVE MARCH 1, 2003 THROUGH APRIL 30, 2003**

(Over)/under recovered gas costs @ December 31, 2002 (\$202,098)

Less: Projected recovery from rates already established

	Volume	Rate	Amount
January	119,800	(\$0.495)	(59,301)
February	87,100	(0.495)	(43,115)
	206,900		(102,416)
Estimated balance at February 28, 2003			(\$99,682)
Total (over) / under recovered gas cost adjustment to be effective March 1, 2003 through April 30, 2003			<b>\$0.000</b>

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE  
APPLICABLE TO SOUTH DAKOTA  
FIRM**

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change- Additions less Adjustment	Cumulative Balance
<b>Balance @ February 28, 2002</b>									<b><u>(\$4,147,382)</u></b>
March	(\$98,688)	\$0	(\$4,090)	(\$102,778)	804,417	(\$0.693)	(\$557,461)	\$454,683	(3,692,699)
April	(13,106)	0	(3,477)	(16,583)	611,931	(0.693)	(422,536) 2/	405,953	(3,286,746)
May	(232,927)	0	(3,107)	(236,034)	391,747	(0.630)	(246,800)	10,766	(3,275,980)
June	(111,908)	0	(3,043)	(114,951)	199,873	(0.630)	(125,920)	10,969	(3,265,011)
July	(197,025)	0	(2,995)	(200,020)	133,423	(0.630)	(84,056)	(115,964)	(3,380,975)
August	(106,350)	0	(2,992)	(109,342)	112,989	(0.630)	(71,183)	(38,159)	(3,419,134)
September	(106,748)	0	(3,042)	(109,790)	128,457	(0.630)	(80,928)	(28,862)	(3,447,996)
October	(77,065)	0	(2,973)	(80,038)	279,410	(0.630)	(176,028)	95,990	(3,352,006)
November	192,175	0	(2,242)	189,933	538,519	(0.630)	(339,267)	529,200	(2,822,806)
December	764,438	0	(1,823)	762,615	635,265	(0.630)	(400,217)	1,162,832	(1,659,974)
<b>Balance @ December 31, 2002</b>									<b><u>(\$1,659,974)</u></b>

1/ Interest calculated at 90 day Treasury Note rate.

2/ Reflects 587,602 dk @ (\$0.693) and 24,329 dk @ (\$0.630).

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE  
APPLICABLE TO SOUTH DAKOTA  
INTERRUPTIBLE**

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change- Additions less Adjustment	Cumulative Balance
<b>Balance @ February 28, 2002</b>									<b><u>(\$55,573)</u></b>
March	\$2,763	\$0	(\$55)	\$2,708	10,888	(\$0.738)	(\$8,035)	\$10,743	(44,830)
April	8,437	0	(43)	8,394	10,130	(0.738)	(7,476)	15,870	(28,960)
May	(3,852)	0	(28)	(3,880)	8,184	(0.490)	(4,010)	130	(28,830)
June	(5,669)	0	(27)	(5,696)	5,288	(0.490)	(2,592)	(3,104)	(31,934)
July	(8,195)	0	(30)	(8,225)	3,761	(0.490)	(1,843)	(6,382)	(38,316)
August	(1,075)	0	(34)	(1,109)	2,989	(0.490)	(1,464)	355	(37,961)
September	(2,416)	0	(34)	(2,450)	3,400	(0.490)	(1,666)	(784)	(38,745)
October	458	0	(34)	424	5,146	(0.490)	(2,522)	2,946	(35,799)
November	11,703	0	(24)	11,679	8,796	(0.490)	(4,310)	15,989	(19,810)
December	17,227	0	(13)	17,214	8,318	(0.490)	(4,076)	21,290	1,480
<b>Balance @ December 31, 2002</b>									<b><u>\$1,480</u></b>

1/ Interest calculated at 90 day Treasury Note rate.

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE  
APPLICABLE TO SOUTH DAKOTA  
AIR FORCE**

	<u>(Over) Under Recovery</u>	<u>Refunds &amp; Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
<b>Balance @ February 28, 2002</b>									<b><u>(\$362,493)</u></b>
March	\$11,438	\$0	(\$357)	\$11,081	75,081	(\$0.289)	(\$21,698)	\$32,779	(329,714)
April	13,907	0	(310)	13,597	98,929	(0.289)	(28,590)	42,187	(287,527)
May	(6,456)	0	(272)	(6,728)	56,116	(0.495)	(27,778)	21,050	(266,477)
June	2,135	0	(247)	1,888	36,162	(0.495)	(17,900)	19,788	(246,689)
July	(4,959)	0	(226)	(5,185)	9,371	(0.495)	(4,638)	(547)	(247,236)
August	(13,604)	0	(218)	(13,822)	7,489	(0.495)	(3,707)	(10,115)	(257,351)
September	(5,192)	0	(228)	(5,420)	7,201	(0.495)	(3,565)	(1,855)	(259,206)
October	(2,811)	0	(223)	(3,034)	11,127	(0.495)	(5,507)	2,473	(256,733)
November	(15,447)	0	(171)	(15,618)	53,723	(0.495)	(26,593)	10,975	(245,758)
December	11,048	0	(159)	10,889	66,205	(0.495)	(32,771)	43,660	(202,098)
<b>Balance @ December 31, 2002</b>									<b><u>(\$202,098)</u></b>

1/ Interest calculated at 90 day Treasury Note rate.

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO SOUTH DAKOTA**  
**FIRM**

	Dk	Amount	Cost per Dk
<b>MARCH 2002-FEBRUARY UNBILLED</b>			
Purchased gas	653,261	\$2,470,429	\$3.78169
Base cost of gas			3.68000
(Over) Under recovery per dk			0.10169
dk billed			336,870
(Over) Under recovery			\$33,497
<b>MARCH 2002</b>			
Purchased gas	825,947	\$2,819,522	\$3.41368
Base cost of gas			3.68000
(Over) Under recovery per dk			(0.26632)
dk billed			413,162
(Over) Under recovery			(\$110,033)
<b>MARCH 2002 - APRIL BILLED</b>			
Purchased gas	825,947	\$2,819,522	\$3.41368
Base cost of gas			3.82100
(Over) Under recovery per dk			(0.40732)
dk billed			54,386
(Over) Under recovery			(\$22,152)
<b>APRIL 2002-MARCH UNBILLED</b>			
Purchased gas	825,947	\$2,819,522	\$3.41368
Base cost of gas			3.82100
(Over) Under recovery per dk			(0.40732)
dk billed			357,814
(Over) Under recovery			(\$145,926)
<b>APRIL 2002</b>			
Purchased gas	445,611	\$1,974,883	\$4.43185
Base cost of gas			3.82100
(Over) Under recovery per dk			0.61085
dk billed			229,788
(Over) Under recovery			\$140,366
<b>APRIL 2002 - MAY BILLED</b>			
Purchased gas	445,611	\$1,974,883	\$4.43185
Base cost of gas			4.74200
(Over) Under recovery per dk			(0.31015)
dk billed			24,329
(Over) Under recovery			(\$7,546)
<b>MAY 2002-APRIL UNBILLED</b>			
Purchased gas	445,611	\$1,974,883	\$4.43185
Base cost of gas			4.74200
(Over) Under recovery per dk			(0.31015)
dk billed			191,179
(Over) Under recovery			(\$59,447)

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO SOUTH DAKOTA  
FIRM**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>MAY 2002</b>			
Purchased gas	308,915	\$1,195,457	\$3.86986
Base cost of gas			4.74200
(Over) Under recovery per dk billed			(0.87214)
(Over) Under recovery			198,034
			(\$172,714)
<b>MAY 2002 - JUNE BILLED</b>			
Purchased gas	308,915	\$1,195,457	\$3.86986
Base cost of gas			4.17200
(Over) Under recovery per dk billed			(0.30214)
(Over) Under recovery			2,534
			(\$766)
<b>JUNE 2002-MAY UNBILLED</b>			
Purchased gas	308,915	\$1,195,457	\$3.86986
Base cost of gas			4.17200
(Over) Under recovery per dk billed			(0.30214)
(Over) Under recovery			108,129
			(\$32,792)
<b>JUNE 2002</b>			
Purchased gas	132,384	\$434,215	\$3.27996
Base cost of gas			4.17200
(Over) Under recovery per dk billed			(0.89204)
(Over) Under recovery			86,576
			(\$77,229)
<b>JUNE 2002- JULY BILLED</b>			
Purchased gas	132,384	\$434,215	\$3.27996
Base cost of gas			3.64500
(Over) Under recovery per dk billed			(0.36504)
(Over) Under recovery			5,168
			(\$1,887)
<b>JULY 2002-JUNE UNBILLED</b>			
Purchased gas	132,384	\$434,215	\$3.27996
Base cost of gas			3.64500
(Over) Under recovery per dk billed			(0.36504)
(Over) Under recovery			40,546
			(\$14,893)
<b>JULY 2002</b>			
Purchased gas	121,596	\$202,743	\$1.66735
Base cost of gas			3.64500
(Over) Under recovery per dk billed			(1.97765)
(Over) Under recovery			88,488
			(\$175,003)

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO SOUTH DAKOTA**  
**FIRM**

	Dk	Amount	Cost per Dk
<b>JULY 2002 - AUGUST BILLED</b>			
Purchased gas	121,596	\$202,743	\$1.66735
Base cost of gas			3.29200
(Over) Under recovery per dk			(1.62465)
dk billed			4,388
(Over) Under recovery			(\$7,129)
<b>AUGUST 2002-JULY UNBILLED</b>			
Purchased gas	121,596	\$202,743	\$1.66735
Base cost of gas			3.29200
(Over) Under recovery per dk			(1.62465)
dk billed			28,632
(Over) Under recovery			(\$46,603)
<b>AUGUST 2002</b>			
Purchased gas	149,098	\$388,418	\$2.60512
Base cost of gas			3.29200
(Over) Under recovery per dk			(0.68688)
dk billed			79,439
(Over) Under recovery			(\$54,565)
<b>AUGUST 2002 - SEPTEMBER BILLED</b>			
Purchased gas	149,098	\$388,418	\$2.60512
Base cost of gas			3.65900
(Over) Under recovery per dk			(1.05388)
dk billed			4,917
(Over) Under recovery			(\$5,182)
<b>SEPTEMBER 2002-AUGUST UNBILLED</b>			
Purchased gas	149,098	\$388,418	\$2.60512
Base cost of gas			3.65900
(Over) Under recovery per dk			(1.05388)
dk billed			64,656
(Over) Under recovery			(\$68,241)
<b>SEPTEMBER 2002</b>			
Purchased gas	167,135	\$500,313	\$2.99347
Base cost of gas			3.65900
(Over) Under recovery per dk			(0.66553)
dk billed			56,033
(Over) Under recovery			(\$37,291)
<b>SEPTEMBER 2002 - OCTOBER BILLED</b>			
Purchased gas	167,135	\$500,313	\$2.99347
Base cost of gas			3.15000
(Over) Under recovery per dk			(0.15653)
dk billed			7,768
(Over) Under recovery			(\$1,216)

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO SOUTH DAKOTA**  
**FIRM**

	Dk	Amount	Cost per Dk
<b>OCTOBER 2002-SEPTEMBER UNBILLED</b>			
Purchased gas	167,135	\$500,313	\$2.99347
Base cost of gas			3.15000
(Over) Under recovery per dk			(0.15653)
dk billed			103,215
(Over) Under recovery			(\$16,249)
<b>OCTOBER 2002</b>			
Purchased gas	489,393	\$1,372,668	\$2.80484
Base cost of gas			3.15000
(Over) Under recovery per dk			(0.34516)
dk billed			175,129
(Over) Under recovery			(\$60,448)
<b>OCTOBER 2002 - NOVEMBER BILLED</b>			
Purchased gas	489,393	\$1,372,668	\$2.80484
Base cost of gas			3.15000
(Over) Under recovery per dk			(0.34516)
dk billed			1,066
(Over) Under recovery			(\$368)
<b>NOVEMBER 2002-OCTOBER UNBILLED</b>			
Purchased gas	489,393	\$1,372,668	\$2.80484
Base cost of gas			3.15000
(Over) Under recovery per dk			(0.34516)
dk billed			312,852
(Over) Under recovery			(\$108,133)
<b>NOVEMBER 2002</b>			
Purchased gas	537,878	\$2,445,364	\$4.54632
Base cost of gas			3.15000
(Over) Under recovery per dk			1.39632
dk billed			212,490
(Over) Under recovery			\$296,705
<b>NOVEMBER 2002 - DECEMBER BILLED</b>			
Purchased gas	537,878	\$2,445,364	\$4.54632
Base cost of gas			4.27300
(Over) Under recovery per dk			0.27332
dk billed			13,178
(Over) Under recovery			\$3,603
<b>DECEMBER 2002-NOVEMBER UNBILLED</b>			
Purchased gas	537,878	\$2,445,364	\$4.54632
Base cost of gas			4.27300
(Over) Under recovery per dk			0.27332
dk billed			311,775
(Over) Under recovery			\$85,062

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO SOUTH DAKOTA  
FIRM**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>DECEMBER 2002</b>			
Purchased gas	696,567	\$4,578,046	\$6.57230
Base cost of gas			4.27300
(Over) Under recovery per dk			2.29930
dk billed			256,935
(Over) Under recovery			\$590,771
<b>DECEMBER 2002 - JANUARY BILLED</b>			
Purchased gas	696,567	\$4,578,046	\$6.57230
Base cost of gas			5.24100
(Over) Under recovery per dk			1.33130
dk billed			66,555
(Over) Under recovery			\$88,605

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO SOUTH DAKOTA  
INTERRUPTIBLE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>MARCH 2002</b>			
Purchased gas	10,896	\$27,783	\$2.54982
Base cost of gas			2.29600
(Over) Under recovery per dk			0.25382
dk billed			10,888
(Over) Under recovery			\$2,763
<b>APRIL 2002</b>			
Purchased gas	10,137	\$32,933	\$3.24880
Base cost of gas			2.41600
(Over) Under recovery per dk			0.83280
dk billed			10,130
(Over) Under recovery			\$8,437
<b>MAY 2002</b>			
Purchased gas	8,190	\$23,672	\$2.89032
Base cost of gas			3.36100
(Over) Under recovery per dk			(0.47068)
dk billed			8,184
(Over) Under recovery			(\$3,852)
<b>JUNE 2002</b>			
Purchased gas	5,292	\$9,298	\$1.75707
Base cost of gas			2.82900
(Over) Under recovery per dk			(1.07193)
dk billed			5,288
(Over) Under recovery			(\$5,669)
<b>JULY 2002</b>			
Purchased gas	3,763	\$441	\$0.11708
Base cost of gas			2.29600
(Over) Under recovery per dk			(2.17892)
dk billed			3,761
(Over) Under recovery			(\$8,195)
<b>AUGUST 2002</b>			
Purchased gas	2,991	\$4,756	\$1.59021
Base cost of gas			1.95000
(Over) Under recovery per dk			(0.35979)
dk billed			2,989
(Over) Under recovery			(\$1,075)
<b>SEPTEMBER 2002</b>			
Purchased gas	3,402	\$5,469	\$1.60752
Base cost of gas			2.31800
(Over) Under recovery per dk			(0.71048)
dk billed			3,400
(Over) Under recovery			(\$2,416)

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO SOUTH DAKOTA  
INTERRUPTIBLE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>OCTOBER 2002</b>			
Purchased gas	5,150	\$9,985	\$1.93891
Base cost of gas			1.85000
(Over) Under recovery per dk			0.08891
dk billed			5,146
(Over) Under recovery			\$458
<b>NOVEMBER 2002</b>			
Purchased gas	8,802	\$27,995	\$3.18057
Base cost of gas			1.85000
(Over) Under recovery per dk			1.33057
dk billed			8,796
(Over) Under recovery			\$11,703
<b>DECEMBER 2002</b>			
Purchased gas	8,325	\$42,607	\$5.11792
Base cost of gas			3.04700
(Over) Under recovery per dk			2.07092
dk billed			8,318
(Over) Under recovery			\$17,227

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO SOUTH DAKOTA**  
**AIR FORCE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>MARCH 2002-FEBRUARY UNBILLED</b>			
Purchased gas	74,900	\$181,419	\$2.42215
Base cost of gas			2.27000
(Over) Under recovery per dk			0.15215
dk billed			74,952
(Over) Under recovery			\$11,404
<b>MARCH 2002</b>			
Purchased gas	99,246	\$251,131	\$2.53039
Base cost of gas			2.27000
(Over) Under recovery per dk			0.26039
dk billed			129
(Over) Under recovery			\$34
<b>APRIL 2002-MARCH UNBILLED</b>			
Purchased gas	99,246	\$251,131	\$2.53039
Base cost of gas			2.38900
(Over) Under recovery per dk			0.14139
dk billed			99,048
(Over) Under recovery			\$14,004
<b>APRIL 2002</b>			
Purchased gas	56,028	\$179,683	\$3.20701
Base cost of gas			2.38900
(Over) Under recovery per dk			0.81801
dk billed			(119)
(Over) Under recovery			(\$97)
<b>MAY 2002-APRIL UNBILLED</b>			
Purchased gas	56,028	\$179,683	\$3.20701
Base cost of gas			3.32200
(Over) Under recovery per dk			(0.11499)
dk billed			56,107
(Over) Under recovery			(\$6,452)
<b>MAY 2002</b>			
Purchased gas	36,183	\$103,354	\$2.85643
Base cost of gas			3.32200
(Over) Under recovery per dk			(0.46557)
dk billed			9
(Over) Under recovery			(\$4)
<b>JUNE 2002-MAY UNBILLED</b>			
Purchased gas	36,183	\$103,354	\$2.85643
Base cost of gas			2.79700
(Over) Under recovery per dk			0.05943
dk billed			36,149
(Over) Under recovery			\$2,148

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO SOUTH DAKOTA  
AIR FORCE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>JUNE 2002</b>			
Purchased gas	9,405	\$16,347	\$1.73812
Base cost of gas			2.79700
(Over) Under recovery per dk			(1.05888)
dk billed			13
(Over) Under recovery			(\$13)
<b>JULY 2002-JUNE UNBILLED</b>			
Purchased gas	9,405	\$16,347	\$1.73812
Base cost of gas			2.27000
(Over) Under recovery per dk			(0.53188)
dk billed			9,386
(Over) Under recovery			(\$4,992)
<b>JULY 2002</b>			
Purchased gas	7,505	\$874	\$0.11650
Base cost of gas			2.27000
(Over) Under recovery per dk			(2.15350)
dk billed			(15)
(Over) Under recovery			\$33
<b>AUGUST 2002-JULY UNBILLED</b>			
Purchased gas	7,505	\$874	\$0.11650
Base cost of gas			1.92800
(Over) Under recovery per dk			(1.81150)
dk billed			7,515
(Over) Under recovery			(\$13,613)
<b>AUGUST 2002</b>			
Purchased gas	7,173	\$11,269	\$1.57105
Base cost of gas			1.92800
(Over) Under recovery per dk			(0.35695)
dk billed			(26)
(Over) Under recovery			\$9
<b>SEPTEMBER 2002-AUGUST UNBILLED</b>			
Purchased gas	7,173	\$11,269	\$1.57105
Base cost of gas			2.29200
(Over) Under recovery per dk			(0.72095)
dk billed			7,193
(Over) Under recovery			(\$5,186)
<b>SEPTEMBER 2002</b>			
Purchased gas	11,192	\$17,641	\$1.57620
Base cost of gas			2.29200
(Over) Under recovery per dk			(0.71580)
dk billed			8
(Over) Under recovery			(\$6)

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO SOUTH DAKOTA**  
**AIR FORCE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>OCTOBER 2002-SEPTEMBER UNBILLED</b>			
Purchased gas	11,192	\$17,641	\$1.57620
Base cost of gas			1.82900
(Over) Under recovery per dk			(0.25280)
dk billed			11,177
(Over) Under recovery			(\$2,825)
<b>OCTOBER 2002</b>			
Purchased gas	53,746	\$82,903	\$1.54249
Base cost of gas			1.82900
(Over) Under recovery per dk			(0.28651)
dk billed			(50)
(Over) Under recovery			\$14
<b>NOVEMBER 2002-OCTOBER UNBILLED</b>			
Purchased gas	53,746	\$82,903	\$1.54249
Base cost of gas			1.82900
(Over) Under recovery per dk			(0.28651)
dk billed			53,758
(Over) Under recovery			(\$15,402)
<b>NOVEMBER 2002</b>			
Purchased gas	64,313	\$200,915	\$3.12402
Base cost of gas			1.82900
(Over) Under recovery per dk			1.29502
dk billed			(35)
(Over) Under recovery			(\$45)
<b>DECEMBER 2002-NOVEMBER UNBILLED</b>			
Purchased gas	64,313	\$200,915	\$3.12402
Base cost of gas			3.01300
(Over) Under recovery per dk			0.11102
dk billed			64,295
(Over) Under recovery			\$7,138
<b>DECEMBER 2002</b>			
Purchased gas	81,006	\$409,906	\$5.06019
Base cost of gas			3.01300
(Over) Under recovery per dk			2.04719
dk billed			1,910
(Over) Under recovery			\$3,910

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE  
TO BE EFFECTIVE MARCH 1, 2003 THROUGH APRIL 30, 2003**

(Over)/under recovered gas costs @ December 31, 2002 (\$74,833)

Less: Projected recovery from rates already established

	Volume	Rate	Amount
January	116,900	(\$0.424)	(49,566)
February	91,300	(0.424)	(38,711)
	208,200		(88,277)
Estimated balance at February 28, 2003			\$13,444
Total (over)/under recovered gas cost adjustment to be effective March 1, 2003 through April 30, 2003			<b>\$0.000</b>

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT**  
**APPLICABLE TO EAST RIVER**  
**100% LOAD FACTOR**  
**TO BE EFFECTIVE MARCH 1, 2003 THROUGH APRIL 30, 2003**

(Over)/under recovered gas costs @ December 31, 2002 (\$275)

Less: Projected recovery from rates already established

	<u>Volume</u>	<u>Rate</u>	<u>Amount</u>
January	0	(\$0.045)	0
February	<u>0</u>	<u>(0.045)</u>	<u>0</u>
	0		0

Estimated balance at February 28, 2003 (\$275)

Total (over)/under recovered gas cost adjustment  
to be effective March 1, 2003 through April 30, 2003 \$0.000

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE**  
**APPLICABLE TO EAST RIVER**  
**GENERAL PURPOSE**

	<u>(Over) Under Recovery</u>	<u>Refunds &amp; Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
<b>Balance @ February 28, 2002</b>									<b><u>(\$283,626)</u></b>
March	(\$10,428)	\$0	(\$282)	(\$10,710)	89,951	(\$0.245)	(\$22,038)	\$11,328	(272,298)
April	(19,794)	0	(259)	(20,053)	73,367	(0.245)	(17,988) 2/	(2,065)	(274,363)
May	(6,604)	0	(261)	(6,865)	38,365	(0.424)	(16,267)	9,402	(264,961)
June	123	0	(248)	(125)	13,384	(0.424)	(5,674)	5,549	(259,412)
July	5,601	0	(240)	5,361	15,522	(0.424)	(6,582)	11,943	(247,469)
August	(7,560)	0	(220)	(7,780)	11,027	(0.424)	(4,676)	(3,104)	(250,573)
September	4,264	0	(224)	4,040	11,003	(0.424)	(4,665)	8,705	(241,868)
October	(8,972)	0	(210)	(9,182)	31,168	(0.424)	(13,215)	4,033	(237,835)
November	15,482	0	(160)	15,322	62,469	(0.424)	(26,487)	41,809	(196,026)
December	85,765	0	(127)	85,638	83,857	(0.424)	(35,555)	121,193	(74,833)
<b>Balance @ December 31, 2002</b>									<b><u>(\$74,833)</u></b>

1/ Interest calculated at 90 Day Treasury Note rate.

2/ Surcharge change implemented during this period. Reflects 73,295 dk @ (\$0.245) and 72 dk @ (\$0.424).

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE  
APPLICABLE TO EAST RIVER  
100% LOAD FACTOR**

	<u>(Over) Under Recovery</u>	<u>Refunds &amp; Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
<b>Balance @ February 28, 2002</b>									<b><u><u>(\$303)</u></u></b>
March	\$0	\$0	(\$1)	(\$1)	0	\$0.000	\$0	(\$1)	(304)
April	1	0	0	1	1	0.000	0	1	(303)
May	(68)	0	0	(68)	470	(0.045)	(21)	(47)	(350)
June	66	0	0	66	248	(0.045)	(11)	77	(273)
July	(118)	0	0	(118)	471	(0.045)	(21)	(97)	(370)
August	(66)	0	0	(66)	0	(0.045)	0	(66)	(436)
September	(109)	0	0	(109)	536	(0.045)	(24)	(85)	(521)
October	128	0	0	128	801	(0.045)	(36)	164	(357)
November	804	0	0	804	400	(0.045)	(18)	822	465
December	(743)	0	0	(743)	65	(0.045)	(3)	(740)	(275)
<b>Balance @ December 31, 2002</b>									<b><u><u>(\$275)</u></u></b>

1/ Interest calculated at 90 day Treasury Note rate.

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE**

	Dk	Amount	Cost per Dk
<b>MARCH 2002-FEBRUARY UNBILLED</b>			
Purchased gas	76,832	\$335,693	\$4.36918
Base cost of gas			4.22100
(Over) Under recovery per dk			0.14818
dk billed			47,371
(Over) Under recovery			\$7,019
<b>MARCH 2002</b>			
Purchased gas	100,029	\$382,071	\$3.81960
Base cost of gas			4.22100
(Over) Under recovery per dk			(0.40140)
dk billed			40,288
(Over) Under recovery			(\$16,172)
<b>MARCH 2002 - APRIL BILLED</b>			
Purchased gas	100,029	\$382,071	\$3.81960
Base cost of gas			4.37600
(Over) Under recovery per dk			(0.55640)
dk billed			2,292
(Over) Under recovery			(\$1,275)
<b>APRIL 2002-MARCH UNBILLED</b>			
Purchased gas	100,029	\$382,071	\$3.81960
Base cost of gas			4.37600
(Over) Under recovery per dk			(0.55640)
dk billed			58,105
(Over) Under recovery			(\$32,331)
<b>APRIL 2002</b>			
Purchased gas	44,667	\$232,341	\$5.20163
Base cost of gas			4.37600
(Over) Under recovery per dk			0.82563
dk billed			15,190
(Over) Under recovery			\$12,541
<b>APRIL 2002 - MAY BILLED</b>			
Purchased gas	44,667	\$232,341	\$5.20163
Base cost of gas			5.27200
(Over) Under recovery per dk			(0.07037)
dk billed			72
(Over) Under recovery			(\$4)
<b>MAY 2002-APRIL UNBILLED</b>			
Purchased gas	44,667	\$232,341	\$5.20163
Base cost of gas			5.27200
(Over) Under recovery per dk			(0.07037)
dk billed			29,698
(Over) Under recovery			(\$2,090)

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE**

	Dk	Amount	Cost per Dk
<b>MAY 2002</b>			
Purchased gas	25,789	\$121,835	\$4.72431
Base cost of gas			5.27200
(Over) Under recovery per dk dk billed			(0.54769) 8,283
(Over) Under recovery			(\$4,536)
<b>MAY 2002 - JUNE BILLED</b>			
Purchased gas	25,789	\$121,835	\$4.72431
Base cost of gas			4.66600
(Over) Under recovery per dk dk billed			0.05831 385
(Over) Under recovery			\$22
<b>JUNE 2002-MAY UNBILLED</b>			
Purchased gas	25,789	\$121,835	\$4.72431
Base cost of gas			4.66600
(Over) Under recovery per dk dk billed			0.05831 17,290
(Over) Under recovery			\$1,008
<b>JUNE 2002</b>			
Purchased gas	8,668	\$42,986	\$4.95917
Base cost of gas			4.66600
(Over) Under recovery per dk dk billed			0.29317 (4,359)
(Over) Under recovery			(\$1,278)
<b>JUNE 2002- JULY BILLED</b>			
Purchased gas	8,668	\$42,986	\$4.95917
Base cost of gas			4.09100
(Over) Under recovery per dk dk billed			0.86817 452
(Over) Under recovery			\$393
<b>JULY 2002-JUNE UNBILLED</b>			
Purchased gas	8,668	\$42,986	\$4.95917
Base cost of gas			4.09100
(Over) Under recovery per dk dk billed			0.86817 12,632
(Over) Under recovery			\$10,967
<b>JULY 2002</b>			
Purchased gas	11,283	\$24,604	\$2.18060
Base cost of gas			4.09100
(Over) Under recovery per dk dk billed			(1.91040) 2,436
(Over) Under recovery			(\$4,654)

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE**

	Dk	Amount	Cost per Dk
<b>JULY 2002 - AUGUST BILLED</b>			
Purchased gas	11,283	\$24,604	\$2.18060
Base cost of gas			3.74700
(Over) Under recovery per dk			(1.56640)
dk billed			454
(Over) Under recovery			(\$712)
<b>AUGUST 2002-JULY UNBILLED</b>			
Purchased gas	11,283	\$24,604	\$2.18060
Base cost of gas			3.74700
(Over) Under recovery per dk			(1.56640)
dk billed			8,467
(Over) Under recovery			(\$13,262)
<b>AUGUST 2002</b>			
Purchased gas	6,602	\$39,898	\$6.04335
Base cost of gas			3.74700
(Over) Under recovery per dk			2.29635
dk billed			2,110
(Over) Under recovery			\$4,844
<b>AUGUST 2002 - SEPTEMBER BILLED</b>			
Purchased gas	6,602	\$39,898	\$6.04335
Base cost of gas			4.14100
(Over) Under recovery per dk			1.90235
dk billed			451
(Over) Under recovery			\$858
<b>SEPTEMBER 2002-AUGUST UNBILLED</b>			
Purchased gas	6,602	\$39,898	\$6.04335
Base cost of gas			4.14100
(Over) Under recovery per dk			1.90235
dk billed			4,115
(Over) Under recovery			\$7,828
<b>SEPTEMBER 2002</b>			
Purchased gas	16,313	\$58,593	\$3.59178
Base cost of gas			4.14100
(Over) Under recovery per dk			(0.54922)
dk billed			6,478
(Over) Under recovery			(\$3,558)
<b>SEPTEMBER 2002 - OCTOBER BILLED</b>			
Purchased gas	16,313	\$58,593	\$3.59178
Base cost of gas			3.60600
(Over) Under recovery per dk			(0.01422)
dk billed			410
(Over) Under recovery			(\$6)

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>OCTOBER 2002-SEPTEMBER UNBILLED</b>			
Purchased gas	16,313	\$58,593	\$3.59178
Base cost of gas			3.60600
(Over) Under recovery per dk			(0.01422)
dk billed			9,532
(Over) Under recovery			(\$135)
<b>OCTOBER 2002</b>			
Purchased gas	58,408	\$186,763	\$3.19756
Base cost of gas			3.60600
(Over) Under recovery per dk			(0.40844)
dk billed			20,567
(Over) Under recovery			(\$8,400)
<b>OCTOBER 2002 - NOVEMBER BILLED</b>			
Purchased gas	58,408	\$186,763	\$3.19756
Base cost of gas			3.60600
(Over) Under recovery per dk			(0.40844)
dk billed			1,070
(Over) Under recovery			(\$437)
<b>NOVEMBER 2002-OCTOBER UNBILLED</b>			
Purchased gas	58,408	\$186,763	\$3.19756
Base cost of gas			3.60600
(Over) Under recovery per dk			(0.40844)
dk billed			37,156
(Over) Under recovery			(\$15,176)
<b>NOVEMBER 2002</b>			
Purchased gas	72,268	\$352,099	\$4.87213
Base cost of gas			3.60600
(Over) Under recovery per dk			1.26613
dk billed			24,043
(Over) Under recovery			\$30,442
<b>NOVEMBER 2002 - DECEMBER BILLED</b>			
Purchased gas	72,268	\$352,099	\$4.87213
Base cost of gas			4.70200
(Over) Under recovery per dk			0.17013
dk billed			1,270
(Over) Under recovery			\$216
<b>DECEMBER 2002-NOVEMBER UNBILLED</b>			
Purchased gas	72,268	\$352,099	\$4.87213
Base cost of gas			4.70200
(Over) Under recovery per dk			0.17013
dk billed			47,444
(Over) Under recovery			\$8,071

**MONTANA-DAKOTA UTILITIES CO.  
COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS  
APPLICABLE TO EAST RIVER  
GENERAL PURPOSE**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>DECEMBER 2002</b>			
Purchased gas	96,760	\$666,748	\$6.89074
Base cost of gas			4.70200
(Over) Under recovery per dk			2.18874
dk billed			34,317
(Over) Under recovery			\$75,112
<b>DECEMBER 2002 - JANUARY BILLED</b>			
Purchased gas	96,760	\$666,748	\$6.89074
Base cost of gas			5.65900
(Over) Under recovery per dk			1.23174
dk billed			2,096
(Over) Under recovery			\$2,582

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO EAST RIVER**  
**100% LOAD FACTOR**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>MARCH 2002-FEBRUARY UNBILLED</b>			
Purchased gas	0	\$0	\$0.00000
Base cost of gas			2.28900
(Over) Under recovery per dk			(2.28900)
dk billed			0
(Over) Under recovery			\$0
<b>MARCH 2002</b>			
Purchased gas	0	\$0	\$0.00000
Base cost of gas			2.28900
(Over) Under recovery per dk			(2.28900)
dk billed			0
(Over) Under recovery			\$0
<b>APRIL 2002-MARCH UNBILLED</b>			
Purchased gas	0	\$0	\$0.00000
Base cost of gas			2.40800
(Over) Under recovery per dk			(2.40800)
dk billed			0
(Over) Under recovery			\$0
<b>APRIL 2002</b>			
Purchased gas	1	\$4	\$3.75000
Base cost of gas			2.40800
(Over) Under recovery per dk			1.34200
dk billed			1
(Over) Under recovery			\$1
<b>MAY 2002-APRIL UNBILLED</b>			
Purchased gas	1	\$4	\$3.75000
Base cost of gas			3.35200
(Over) Under recovery per dk			0.39800
dk billed			0
(Over) Under recovery			\$0
<b>MAY 2002</b>			
Purchased gas	677	\$2,172	\$3.20753
Base cost of gas			3.35200
(Over) Under recovery per dk			(0.14447)
dk billed			470
(Over) Under recovery			(\$68)
<b>JUNE 2002-MAY UNBILLED</b>			
Purchased gas	677	\$2,172	\$3.20753
Base cost of gas			2.82000
(Over) Under recovery per dk			0.38753
dk billed			212
(Over) Under recovery			\$82

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO EAST RIVER**  
**100% LOAD FACTOR**

	Dk	Amount	Cost per Dk
<b>JUNE 2002</b>			
Purchased gas	269	\$639	\$2.37621
Base cost of gas			2.82000
(Over) Under recovery per dk			(0.44379)
dk billed			37
(Over) Under recovery			(\$16)
<b>JULY 2002-JUNE UNBILLED</b>			
Purchased gas	269	\$639	\$2.37621
Base cost of gas			2.28900
(Over) Under recovery per dk			0.08721
dk billed			234
(Over) Under recovery			\$20
<b>JULY 2002</b>			
Purchased gas	489	\$1,038	\$2.12299
Base cost of gas			2.28900
(Over) Under recovery per dk			(0.16601)
dk billed			832
(Over) Under recovery			(\$138)
<b>AUGUST 2002-JULY UNBILLED</b>			
Purchased gas	489	\$1,038	\$2.12299
Base cost of gas			1.94300
(Over) Under recovery per dk			0.17999
dk billed			(340)
(Over) Under recovery			(\$61)
<b>AUGUST 2002</b>			
Purchased gas	(254)	(\$498)	\$1.96134
Base cost of gas			1.94300
(Over) Under recovery per dk			0.01834
dk billed			(256)
(Over) Under recovery			(\$5)
<b>SEPTEMBER 2002-AUGUST UNBILLED</b>			
Purchased gas	(254)	(\$498)	\$1.96134
Base cost of gas			2.31100
(Over) Under recovery per dk			(0.34966)
dk billed			0
(Over) Under recovery			\$0
<b>SEPTEMBER 2002</b>			
Purchased gas	994	\$2,095	\$2.10787
Base cost of gas			2.31100
(Over) Under recovery per dk			(0.20313)
dk billed			536
(Over) Under recovery			(\$109)

**MONTANA-DAKOTA UTILITIES CO.**  
**COMPUTATION OF (OVER) UNDER RECOVERY OF GAS COSTS**  
**APPLICABLE TO EAST RIVER**  
**100% LOAD FACTOR**

	<u>Dk</u>	<u>Amount</u>	<u>Cost per Dk</u>
<b>OCTOBER 2002-SEPTEMBER UNBILLED</b>			
Purchased gas	994	\$2,095	\$2.10787
Base cost of gas			1.84300
(Over) Under recovery per dk			0.26487
dk billed			465
(Over) Under recovery			\$123
<b>OCTOBER 2002</b>			
Purchased gas	1,284	\$2,387	\$1.85889
Base cost of gas			1.84300
(Over) Under recovery per dk			0.01589
dk billed			337
(Over) Under recovery			\$5
<b>NOVEMBER 2002-OCTOBER UNBILLED</b>			
Purchased gas	1,284	\$2,387	\$1.85889
Base cost of gas			1.84300
(Over) Under recovery per dk			0.01589
dk billed			955
(Over) Under recovery			\$15
<b>NOVEMBER 2002</b>			
Purchased gas	(235)	(\$99)	\$0.42140
Base cost of gas			1.84300
(Over) Under recovery per dk			(1.42160)
dk billed			(555)
(Over) Under recovery			\$789
<b>DECEMBER 2002-NOVEMBER UNBILLED</b>			
Purchased gas	(235)	(\$99)	\$0.42140
Base cost of gas			3.03800
(Over) Under recovery per dk			(2.61660)
dk billed			304
(Over) Under recovery			(\$796)
<b>DECEMBER 2002</b>			
Purchased gas	(190)	(\$536)	\$2.81868
Base cost of gas			3.03800
(Over) Under recovery per dk			(0.21932)
dk billed			(239)
(Over) Under recovery			\$53



# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street  
Bismarck, ND 58501  
(701) 222-7900

February 11, 2003

Ms. Pamela Bonrud  
Executive Director  
South Dakota Public Utilities  
Commission  
State Capitol Building  
500 East Capitol  
Pierre, SD 57501

**RECEIVED**

FEB 12 2003

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Re: Purchased Gas Cost Adjustment  
March 2003

Dear Ms. Bonrud:

Pursuant to South Dakota Codified Laws Chapter 49-34A-12, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., requests waiver of the following Administrative Rules in the above referenced filing submitted February 10, 2003: the 30 days notice to the Commission required by ARSD 20:10:13:15, the 30 days notice to the public required by ARSD 20:10:13:17 and a notice of the change 30 days before the effective date of the change required by ARSD 20:10:13:18. This request is being made to effectuate the out-of-cycle surcharge adjustment requested with the Purchased Gas Cost Adjustment to be effective March 1, 2003.

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,

Donald R. Ball  
Assistant Vice President –  
Regulatory Affairs

Attachments  
c: D. Schulz  
D. Gerdes

South Dakota Public Utilities Commission

**WEEKLY FILINGS**

For the Period of February 6, 2003 through February 12, 2003

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3705

**CONSUMER COMPLAINTS**

**CT03-004 In the Matter of the Complaint filed by Ronald J. Kuecker, Webster, South Dakota, against MCIWorldCom Regarding Failure to Disconnect.**

Complainant alleges that due to incorrect instructions from MCI customer service personnel, he was led to believe that he had canceled his MCI account on 11/01/02 but continued to receive MCI service until 01/09/03. Complainant seeks to have all outstanding MCI long distance charges waived.

Staff Analyst: Jim Mehlhaff  
Staff Attorney: Karen E. Cremer  
Date Docketed: 02/07/03  
Intervention deadline: N/A

**NATURAL GAS**

**NG03-002 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of Waiver of its Purchased Gas Adjustment Tariff.**

Application by Montana-Dakota Utilities Co. for approval of waiver of Purchased Gas Adjustment tariff provisions which will allow the annual surcharge adjustment to be recalculated and made effective March 1, 2003. The tariff provisions requested to be waived specify a recalculated surcharge to take effect May 1, 2003. The effect of the early surcharge recalculation will be an increase in rates for March and April billings and lowered rates thereafter, compared to leaving the current surcharge adjustment in effect.

Staff Analyst: Dave Jacobson  
Staff Attorney: Kelly Frazier  
Date Docketed: 02/11/03  
Intervention Deadline: 02/19/03

**TELECOMMUNICATIONS**

**TC03-048 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and New Edge Network, Inc. d/b/a New Edge Networks.**

On February 10, 2003, the Commission received for approval a filing of a Collocation Augment Rates Amendment to the Interconnection agreement between New Edge Network, Inc. d/b/a New Edge Networks and Qwest Corporation f/k/a U S WEST Communications, Inc. According

to the parties, the Amendment is made in order to add to the agreement the rates applicable to the Collocation Augment Quote Preparation Fee as set forth in Attachment 1 to the Amendment. The original agreement was approved by the Commission in Docket TC02-113 and was effective October 28, 2002. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 3, 2003. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier  
Date Docketed: 02/10/03  
Initial Comments Due: 03/03/03

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY )	ORDER GRANTING
MONTANA-DAKOTA UTILITIES CO. FOR )	WAIVERS
APPROVAL OF WAIVER OF ITS PURCHASED )	
GAS ADJUSTMENT TARIFF )	NG03-002

On February 11, 2003, the Public Utilities Commission (Commission) received a filing from Montana-Dakota Utilities Company (MDU) for approval of a waiver of terms of its tariffed purchased gas adjustment. Montana-Dakota Utilities Co. proposes to implement an out-of-cycle surcharge adjustment which will zero out the surcharge adjustment for the months of March and April 2003. Currently the amount to be amortized through the surcharge adjustment is approaching zero and MDU's proposal would minimize future amortization amounts. The regular surcharge adjustment would be effective May 1, 2003. On February 12, 2003, MDU filed a request for waiver of ARSD 20:10:13:15, 20:10:13:17, and 20:10:13:18 to effectuate the out-of-cycle surcharge adjustment requested, on less than 30 days notice, with the purchased gas cost adjustment to be effective March 1, 2003.

At its regularly scheduled meeting on February 20, 2003, the Commission considered this matter. Commission Staff recommended approval of the waivers.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-4 and 49-34A-6. The Commission further finds that the filing is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that the above mentioned waiver of the rules and the proposed waiver of terms of tariffed purchased gas adjustment is approved and is effective for service rendered on and after March 1, 2003.

Dated at Pierre, South Dakota, this 7<sup>th</sup> day of March, 2003.

<b>CERTIFICATE OF SERVICE</b>
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Alaine Kalbo</u>
Date: <u>3/10/03</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner