



MONTANA-DAKOTA
UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

June 10, 2005

RECEIVED

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**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 decreased approximately \$0.65 per dk since the last PGA filing due to a decrease in the overall market price of gas. In addition, Montana-Dakota is proposing to implement an out-of-cycle surcharge adjustment to be effective July 1, 2005 to reflect the refund Montana-Dakota received from Williston Basin Interstate Pipeline Company (Williston Basin) in Docket No. RP00-107-005.

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 July 2005.

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 a decrease of \$1.178 per dk for residential and general service customers, a decrease of \$0.803 per dk for large interruptible customers and a decrease of \$0.817 per dk for the Air Force from the currently effective rates. Absent implementation of the out-of-cycle surcharge adjustment, the changes would be a decrease of \$0.655 per dk for residential and general service customers, a decrease of \$0.647 per dk for large interruptible customers and a decrease of \$0.640 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 July 2005. The

average cost of gas for firm customers, adjusted for losses, is \$7.151.

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 8.917% was authorized by the Commission in Docket No. NG04-004.

Exhibit E shows the calculation of the out-of-cycle surcharge adjustment for the Black Hill system that will apply during the period July 1, 2005 through April 30, 2006. This out-of-cycle surcharge adjustment is proposed as a result of the refund Montana-Dakota received from Williston Basin in Docket No. RP00-107-005. The total refund to Montana-Dakota was \$16,922,392, with South Dakota's portion of the refund amounting to \$2,998,137. Pursuant to Section 5(a)(3) of the PGA tariff, the refund is credited to the unrecovered gas cost account. A waiver of 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 net effect of the out-of-cycle adjustment is a decrease of \$0.523 per dk for residential and general service customers, a decrease of \$0.156 per dk for large interruptible customers and a decrease of \$0.177 per dk for the Air Force from the adjustment effective May 1, 2005.

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 July 2005. The total PGA level is \$6.979 per dk for general service customers served under the currently effective General Services Rate 66 and \$5.991 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 a decrease of \$1.333 per dk for general service customers and a decrease of \$0.776 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 a decrease of \$0.654 per dk for general service customers and a decrease of \$0.646 per dk for customers on the 100% load factor rate from 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 July 2005. The average cost of gas for firm customers, adjusted for losses, is \$7.211.

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 July 1, 2005 through April 30, 2006. This out-of-cycle surcharge adjustment is proposed as a result of the refund Montana-Dakota received from Williston Basin in Docket No. RP00-107-005, with East River's portion of the refund amounting to \$446,820. Pursuant to Section 5(a)(3) of the PGA tariff, the refund is credited to the unrecovered gas cost account. A waiver of 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 net effect of the out-of-cycle adjustment is a decrease of \$0.679 per dk for residential and general service customers and a decrease of \$0.130 per dk for customers on the 100% load factor rate dk from the adjustment effective May 1, 2005.

These proposed adjustments, calculated in accordance with Rates 88 and 89 with the out-of-cycle surcharge adjustment, will amount to a decrease of approximately \$162,300 for Black Hills system gas customers and a decrease of approximately \$16,700 for East River system gas customers during the month of July 2005. All of Montana-Dakota's retail gas customers in South Dakota may be affected by this proposal. There were 43,513 customers on the Black Hills system and 5,847 customers on the East River system as of April 30, 2005.

Please refer all inquiries regarding this filing to:

Mr. Donald R. Ball
Assistant 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. Daniel S. Kuntz
Senior Attorney
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,



Rita A. Mulkern
Regulatory Analysis Manager

Attachments
c: D. Gerdes
D. Ball

**Rate Summary Sheet
(Proposed)**



Montana-Dakota Utilities Co.
 A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of South Dakota
 Gas Rate Schedule - SDPUC Volume No. 2**

RATE SUMMARY SHEET

Section No. 3
 14th Revised Sheet No. 1
 Canceling 13th Revised Sheet No. 1
 Page 1 of 1

| Rate Schedule | Sheet No. | Basic Service Charge | Distribution Delivery Charge | PGA Items | Total Rate/ Dk |
|--|-----------|--|--|----------------------------|--------------------|
| Residential Rate 60 | 2 | \$0.25 per day | \$1.571 | \$7.006 | \$8.577 |
| Ellsworth Air Force Base Rate 64 | 5 | \$95.00 per month | \$0.062 | \$6.098 | \$6.160 |
| East River Gas System Rate 66 Meters rated < 500 cubic feet Meters rated > 500 cubic feet | 7 | \$2.00 per month \$4.00 per month | \$1.761 | \$6.979 | \$8.740 |
| Firm General Service Rate 70 Meters rated < 500 cubic feet Meters rated > 500 cubic feet | 11 | \$0.35 per day \$0.70 per day | \$1.175 | \$7.006 | \$8.181 |
| Small Interruptible Gas Rate 71 | 12 | \$50.00 per month | (\$0.453 Maximum) | \$7.006 | (\$7.459 Maximum) |
| Optional Seasonal Gas Service Rate 72 Meters rated < 500 cubic feet Meters rated > 500 cubic feet Winter Gas Usage Summer Gas Usage | 13 | \$0.35 per day \$0.70 per day | \$1.175 \$1.175 | \$7.332 \$6.098 | \$8.507 \$7.273 |
| Transportation Service Small Interruptible Rate 81 Maximum Minimum Fuel Charge Large Interruptible Rate 82 Maximum Minimum Fuel Charge | 22 | \$125.00 per month \$225.00 per month | \$0.453 \$0.131 \$0.187 \$0.090 | \$0.080 \$0.068 | |
| Large Interruptible Gas Rate 85 | 26 | \$175.00 per month | (\$0.187 Maximum) | \$6.537 | (\$6.724 Maximum) |

Date Filed: June 10, 2005

Effective Date:

Issued By: Donald R. Ball
 Asst. Vice President - Regulatory Affairs

Docket No.:

MONTANA-DAKOTA UTILITIES CO.
PGA TARIFF SHEET
BLACK HILLS
EFFECTIVE JULY 2005

| | <u>Residential & General Service</u> | <u>Optional Seasonal</u> | <u>Large Interruptible</u> | <u>Air Force</u> |
|---|--|------------------------------|--------------------------------|-------------------------|
| <u>Gas Cost Adjustment:</u> | | | | |
| Gas Cost Level (Exhibit B) | \$7.151 | \$6.243 | \$6.092 | \$6.024 |
| Prior Gas Cost | <u>7.806</u> | <u>6.893</u> | <u>6.739</u> | <u>6.664</u> |
| Current Gas Cost Adjustment | (\$0.655) | (\$0.650) | (\$0.647) | (\$0.640) |
| <u>Surcharge Adjustment:</u> | | | | |
| Current Adjustment (Exhibit E) | (0.145) | (0.145) | 0.445 | 0.074 |
| Prior Adjustment | <u>0.378</u> | <u>0.378</u> | <u>0.601</u> | <u>0.251</u> |
| Change in Surcharge Adjustment | <u>(\$0.523)</u> | <u>(\$0.523)</u> | <u>(\$0.156)</u> | <u>(\$0.177)</u> |
| Net Increase (Decrease) in Gas Costs | <u>(\$1.178)</u> | <u>(\$1.173)</u> | <u>(\$0.803)</u> | <u>(\$0.817)</u> |
| | | | | |
| Gas Cost Level | \$7.151 | \$6.243 | \$6.092 | \$6.024 |
| Plus: Surcharge | <u>(0.145)</u> | <u>(0.145)</u> | <u>0.445</u> | <u>0.074</u> |
| Total Gas Cost Level in Tariff Rates | <u>\$7.006</u> | <u>\$6.098</u> | <u>\$6.537</u> | <u>\$6.098</u> |

MONTANA-DAKOTA UTILITIES CO.
PGA TARIFF SHEET
EAST RIVER
EFFECTIVE JULY 2005

| | <u>General Service</u> | <u>100% Load Factor</u> |
|---|--------------------------------|--------------------------------|
| <u>Gas Cost Adjustment:</u> | | |
| Prior Cumulative Gas Cost Adjustment | \$7.865 | \$6.733 |
| Current Gas Cost Adjustment (Exhibit D) | <u>(0.654)</u> | <u>(0.646)</u> |
| Cumulative Gas Cost Adjustment | \$7.211 | \$6.087 |
| <u>Surcharge Adjustment:</u> | | |
| Current Adjustment (Exhibit F) | <u>(0.232)</u> | <u>(0.096)</u> |
| TOTAL PGA | <u><u>\$6.979</u></u> | <u><u>\$5.991</u></u> |
| | | |
| TOTAL PGA - Current | <u>8.312</u> | <u>6.767</u> |
| Net Increase (Decrease) | <u><u>(\$1.333)</u></u> | <u><u>(\$0.776)</u></u> |
| | | |
| Gas Cost Level in Base Rates | \$0.000 | \$0.000 |
| Plus: Total PGA | <u>6.979</u> | <u>5.991</u> |
| Total Gas Cost Level in Rates | <u><u>\$6.979</u></u> | <u><u>\$5.991</u></u> |

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF CURRENT GAS COST ADJUSTMENT
BLACK HILLS SYSTEM - RESIDENTIAL AND GENERAL SERVICE
EFFECTIVE JULY 2005**

| | Amount |
|---|------------------|
| Total Gas Costs 1/ | \$38,236,104 |
| Residential and General Service dk Requirements 2/ | 5,407,537 |
| Average Cost of Gas per dk | \$7.071 |
| Average Cost of Gas as Adjusted for Losses @ 98.88% | 7.151 |
| Less: Gas Cost Level in Base Tariff Rates 3/ | 7.806 |
| Current Gas Cost Adjustment | (\$0.655) |

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 - 8 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 April 30, 2005, adjusted for losses at 1.12%.

3/ Gas Cost Level in Rates effective June 1, 2005:

| | |
|-------------------------------------|---------|
| Cost of Purchased Gas | \$7.719 |
| Adjustment for Distribution Losses | 0.9888 |
| Gas Cost Level in Base Tariff Rates | \$7.806 |

MONTANA-DAKOTA UTILITIES CO.
PGA TARIFF SHEET
CURRENT GAS COST ADJUSTMENT - BLACK HILLS
OPTIONAL SEASONAL - RATE 72
EFFECTIVE JULY 2005

| | |
|--|--------------------------------|
| <u>Summer - April - September</u> | |
| Total Gas Costs 1/ | \$38,236,104 |
| Less: Annual MDDQ Costs 1/ | <u>4,852,969</u> |
| Total Gas Costs excluding MDDQ | \$33,383,135 |
| Firm Service Requirements 1/ | 5,407,537 |
| Other Gas Costs per Dk (excluding MDDQ) | \$6.173 |
| Summer Seasonal Rate, adjusted for losses 2/ | 6.243 |
| Less: Gas Cost Level in Rates 3/ | <u>6.893</u> |
| Current Gas Cost Adjustment | <u><u>(\$0.650)</u></u> |
| <u>Winter - October - March</u> | |
| Annual MDDQ Costs 1/ | \$4,852,969 |
| Winter Firm Service Requirements | 3,978,132 |
| MDDQ Costs per Winter Dk | \$1.220 |
| Add: Other Gas Costs per Dk | <u>6.173</u> |
| Winter Seasonal Rate | 7.393 |
| Winter Seasonal Rate, adjusted for losses 2/ | <u><u>\$7.477</u></u> |

1/ Exhibit B, page 1.

2/ Loss factor of 1.12%

3/ Gas Cost Level in Rates effective June 1, 2005:

| | <u>Summer</u> | <u>Winter</u> |
|-------------------------------------|---------------|---------------|
| Cost of Purchased Gas | \$6.816 | \$8.044 |
| Adjustment for Distribution Losses | 0.9888 | 0.9888 |
| Gas Cost Level in Base Tariff Rates | \$6.893 | \$8.135 |

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF CURRENT GAS COST ADJUSTMENT
BLACK HILLS SYSTEM - LARGE INTERRUPTIBLE
EFFECTIVE JULY 2005**

| | Amount |
|---|------------------|
| Total Gas Costs 1/ | \$3,739,222 |
| Large Interruptible Service dk Requirements | 620,692 |
| Average Cost of Gas per dk | \$6.024 |
| Average Cost of Gas as Adjusted for Losses @ 98.88% | 6.092 |
| Less: Gas Cost Level in Base Tariff Rates 2/ | 6.739 |
| Current Gas Cost Adjustment | (\$0.647) |

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 - 8 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 Rates effective June 1, 2005:

| | |
|-------------------------------------|---------|
| Cost of Purchased Gas | \$6.664 |
| Adjustment for Distribution Losses | 0.9888 |
| Gas Cost Level in Base Tariff Rates | \$6.739 |

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF CURRENT GAS COST ADJUSTMENT
BLACK HILLS SYSTEM - AIR FORCE
EFFECTIVE JULY 2005**

| | Amount |
|---|------------------|
| Total Gas Costs 1/ | \$4,518,102 |
| Air Force Interruptible Service dk Requirements | 750,000 |
| Average Cost of Gas per dk | \$6.024 |
| Less: Gas Cost Level in Base Tariff Rates 2/ | 6.664 |
| Current Gas Cost Adjustment | (\$0.640) |

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 Rates effective June 1, 2005:

| | |
|-----------------------|---------|
| Cost of Purchased Gas | \$6.664 |
|-----------------------|---------|

NOTICE OF CURRENTLY EFFECTIVE RATES

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

| RATE SCHEDULE | UNIT | BASE TARIFF RATE | 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. | 737.928 | N.A. | N.A. | N.A. | 737.928 |
| MINIMUM | RATE PER EQV. DKT PER MO. | 0.000 | N.A. | N.A. | N.A. | 0.000 |
| COMMODITY CHARGE | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 3.120 | 0.190 | N.A. | N.A. | 3.310 |
| MINIMUM A/B/ | RATE PER DKT | 3.120 | 0.190 | N.A. | N.A. | 3.310 |
| SCHEDULED OVERRUN CHARGE | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 30.884 | 0.190 | N.A. | N.A. | 31.074 |
| MINIMUM A/B/ | RATE PER DKT | 3.120 | 0.190 | N.A. | N.A. | 3.310 |

A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR TRANSPORTATION FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 1.843%, CONSISTING OF 2.230% FOR THE CURRENT PERCENTAGE AND (0.387)% FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE 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.

B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR TRANSPORTATION. THE APPLICABLE RATE IS (0.063) CENTS, CONSISTING OF 0.000 CENTS FOR THE CURRENT RATE AND (0.063) CENTS FOR THE DEFERRAL RATE. THIS RATE 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.

NOTICE OF CURRENTLY EFFECTIVE RATES

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

| RATE SCHEDULE | UNIT | BASE TARIFF RATE | 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. | 1229.809 | N.A. | N.A. | N.A. | 1229.809 |
| MINIMUM | RATE PER EQV. DKT PER MO. | 0.000 | N.A. | N.A. | N.A. | 0.000 |
| COMMODITY GATHERING CHARGE | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 1.384 | N.A. | N.A. | N.A. | 1.384 |
| MINIMUM A/B/ | RATE PER DKT | 1.384 | N.A. | N.A. | N.A. | 1.384 |
| INTERRUPTIBLE GATHERING CHARGE | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 43.807 | N.A. | N.A. | N.A. | 43.807 |
| MINIMUM A/B/ | RATE PER DKT | 1.384 | N.A. | N.A. | N.A. | 1.384 |

- A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR GATHERING FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 2.796%, CONSISTING OF 2.709% FOR THE CURRENT PERCENTAGE AND 0.087% FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE 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.
- B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR GATHERING. THE APPLICABLE RATE IS 0.000 CENTS, CONSISTING OF 0.000 CENTS FOR THE CURRENT RATE AND 0.000 CENTS FOR THE DEFERRAL RATE. THIS RATE 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.

NOTICE OF CURRENTLY EFFECTIVE RATES

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

| RATE SCHEDULE | UNIT | BASE TARIFF RATE | ACA SURCHARGE | TOP THROUGHPUT SURCHARGE | GAS SUPPLY REALIGNMENT SURCHARGE | BASE TARIFF RATE PLUS SURCHARGES |
|--|---------------------------|---------------------|------------------|--------------------------------|--|--|
| ----- | | | | | | |
| RATE SCHEDULE FTN-1 | | | | | | |
| ----- | | | | | | |
| RESERVATION CHARGE | | | | | | |
| MAXIMUM DAILY DELIVERY QUANTITY (MDDQ) | | | | | | |
| MAXIMUM | RATE PER EQV. DKT PER MO. | 47.491 | N.A. | N.A. | N.A. | 47.491 |
| MINIMUM | RATE PER EQV. DKT PER MO. | 1.589 | N.A. | N.A. | N.A. | 1.589 |

NOTICE OF CURRENTLY EFFECTIVE RATES

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

| RATE SCHEDULE | UNIT | BASE TARIFF RATE | ACA SURCHARGE | TOP THROUGHPUT SURCHARGE | GAS SUPPLY REALIGNMENT SURCHARGE | BASE TARIFF RATE PLUS SURCHARGES |
|--------------------------|---------------------------|------------------|---------------|--------------------------|----------------------------------|----------------------------------|
| ----- | | | | | | |
| RATE SCHEDULE PS-1 | | | | | | |
| ----- | | | | | | |
| CAPACITY RESERVATION | | | | | | |
| MAXIMUM | RATE PER EQV. DKT PER MO. | 2.102 | N.A. | N.A. | N.A. | 2.102 |
| MINIMUM | RATE PER EQV. DKT PER MO. | 0.000 | N.A. | N.A. | N.A. | 0.000 |
| CAPACITY DELIVERABILITY | | | | | | |
| MAXIMUM | RATE PER EQV. DKT PER MO. | 190.602 | N.A. | N.A. | N.A. | 190.602 |
| MINIMUM | RATE PER EQV. DKT PER MO. | 0.000 | N.A. | N.A. | N.A. | 0.000 |
| INJECTION | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |
| MINIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |
| WITHDRAWAL | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |
| MINIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |
| SCHEDULED OVERRUN CHARGE | | | | | | |
| INJECTION | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 23.920 | N.A. | N.A. | N.A. | 23.920 |
| MINIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |
| WITHDRAWAL | | | | | | |
| MAXIMUM A/B/ | RATE PER DKT | 23.920 | N.A. | N.A. | N.A. | 23.920 |
| MINIMUM A/B/ | RATE PER DKT | 0.888 | N.A. | N.A. | N.A. | 0.888 |

- A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR STORAGE FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 0.409%, CONSISTING OF 0.615% FOR THE CURRENT PERCENTAGE AND (0.206)% FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.
- B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR STORAGE. THE APPLICABLE RATE IS (0.100) CENTS, CONSISTING OF 0.000 CENTS FOR THE CURRENT RATE AND (0.100) CENTS FOR THE DEFERRAL RATE. THIS RATE 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
EFFECTIVE JULY 2005**

| | General Service | | |
|------------------------------|-----------------------|------------------------------------|-------------------|
| | Storage Balance 1/ | Prepaid Commodity Balance 2/ | Prepaid Demand |
| October 2004 | \$6,293,520 | \$538,855 | \$1,566,411 |
| November | 6,011,440 | 499,370 | 1,249,785 |
| December | 4,282,246 | 369,750 | 609,763 |
| January 2005 | 914,586 | 190,623 | (104,411) |
| February | (750,764) | 79,646 | (536,714) |
| March | (1,765,521) | 7,790 | (843,326) |
| April | (1,297,451) | 9,842 | (782,980) |
| May | (329,452) | 6,305 | (450,411) |
| June | 1,454,583 | 51,300 | (18,497) |
| July | 3,420,423 | 103,052 | 390,802 |
| August | 5,399,360 | 153,517 | 798,632 |
| September | 6,854,642 | 367,015 | 1,127,638 |
| October | 7,248,491 | 366,362 | 1,225,269 |
| 13 month average | \$2,902,777 | \$211,033 | \$325,535 |
| Rate of Return | 8.917% | 8.917% | 8.917% |
| Return | \$258,841 | \$18,818 | \$29,028 |
| Return Requirement - Revenue | <u>\$398,815</u> | <u>\$28,994</u> | <u>\$44,726</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 JULY 2005

| | <u>Amount</u> |
|--|-------------------------|
| Total Gas Costs 1/ | \$5,264,225 |
| Residential and General Service dk Requirements 2/ | 737,413 |
| Average Cost of Gas per dk | \$7.139 |
| Average Cost of Gas as Adjusted for Losses @ 99% | 7.211 |
| Less: Gas Cost Level in Base Tariff Rates 3/ | <u>0.000</u> |
| Cumulative Gas Cost Adjustment | \$7.211 |
| Less: Prior Cumulative Adjustment (PGA effective June 1, 2005) | <u>7.865</u> |
| Current Gas Cost Adjustment | <u><u>(\$0.654)</u></u> |

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 - 8 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 April 30, 2005, 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 JULY 2005**

| | <u>Amount</u> |
|--|------------------|
| Total Gas Costs 1/ | \$3,013,171 |
| Dk Requirements | 500,000 |
| Average Cost of Gas per dk | \$6.026 |
| Average Cost of Gas as Adjusted for Losses @ 99% | 6.087 |
| Less: Gas Cost Level in Base Tariff Rates | 0.000 |
| Cumulative Gas Cost Adjustment | \$6.087 |
| Less: Prior Cumulative Adjustment (PGA effective June 1, 2005) | 6.733 |
| Current Gas Cost Adjustment | (\$0.646) |

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 - 8 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
EFFECTIVE JULY 2005**

| | General Service | | |
|------------------------------|-----------------------|------------------------------------|-------------------|
| | Storage Balance 1/ | Prepaid Commodity Balance 2/ | Prepaid Demand |
| October 2004 | \$893,701 | \$54,023 | \$250,950 |
| November | 853,645 | 49,361 | 203,975 |
| December | 608,093 | 34,890 | 96,443 |
| January 2005 | 129,865 | 16,479 | (34,169) |
| February | (106,603) | 3,664 | (113,051) |
| March | (250,692) | (4,627) | (152,334) |
| April | (184,229) | (4,341) | (131,689) |
| May | (46,782) | 860 | (71,486) |
| June | 206,551 | 6,996 | (2,707) |
| July | 485,700 | 14,053 | 60,075 |
| August | 766,709 | 20,935 | 122,147 |
| September | 973,359 | 50,049 | 177,355 |
| October | 1,029,285 | 49,960 | 198,113 |
| 13 month average | \$412,200 | \$22,485 | \$46,432 |
| Rate of Return | 10.271% | 10.271% | 10.271% |
| Return | \$42,337 | \$2,309 | \$4,769 |
| Return Requirement - Revenue | <u>\$65,232</u> | <u>\$3,558</u> | <u>\$7,348</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 JULY 1, 2005 THROUGH APRIL 30, 2006**

| | |
|--|------------------|
| (Over)/under recovered gas costs @ April 30, 2005 | \$2,296,641 |
| Less: Williston Basin Interstate Pipeline Refund Docket No. RP00-107-005 | <u>2,900,112</u> |
| | (603,471) |

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|----------------------------------|----------------|---------|-------------------------------|
| May | 255,000 | \$0.378 | 96,390 |
| June | 145,000 | 0.378 | <u>54,810</u> |
| | <u>400,000</u> | | <u>151,200</u> |
| Additional recovery required | | | <u><u>(\$754,671)</u></u> |

Projected sales volumes (dk)

| | | |
|--------------|---------|------------------|
| July 2005 | 126,560 | |
| August | 127,760 | |
| September | 192,110 | |
| October | 381,000 | |
| November | 669,660 | |
| December | 884,050 | |
| January 2006 | 965,000 | |
| February | 749,000 | |
| March | 665,000 | |
| April | 441,000 | |
| Total | | <u>5,201,140</u> |

| | |
|---|-------------------------|
| Total (over)/under recovered gas cost adjustment to be effective July 1, 2005 through April 30, 2006 | <u><u>(\$0.145)</u></u> |
|---|-------------------------|

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER)/UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO SOUTH DAKOTA
INTERRUPTIBLE
TO BE EFFECTIVE JULY 1, 2005 THROUGH APRIL 30, 2006**

| | |
|--|---------------|
| (Over)/under recovered gas costs @ April 30, 2005 | \$57,190 |
| Less: Williston Basin Interstate Pipeline Refund Docket No. RP00-107-005 | <u>17,199</u> |
| | 39,991 |

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|------|--------|---------|--------|
| May | 5,000 | \$0.601 | 3,005 |
| June | 4,000 | 0.601 | 2,404 |
| | 9,000 | | 5,409 |

| | |
|------------------------------|------------------------|
| Additional recovery required | <u><u>\$34,582</u></u> |
|------------------------------|------------------------|

Projected sales volumes (dk)

| | | |
|--------------|--------|---------------|
| July 2005 | 4,320 | |
| August | 4,330 | |
| September | 4,840 | |
| October | 7,000 | |
| November | 9,160 | |
| December | 11,110 | |
| January 2006 | 11,000 | |
| February | 10,000 | |
| March | 9,000 | |
| April | 7,000 | |
| Total | | <u>77,760</u> |

| | |
|---|-----------------------|
| Total (over) / under recovered gas cost adjustment to be effective July 1, 2005 through April 30, 2006 | <u><u>\$0.445</u></u> |
|---|-----------------------|

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER)/UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO SOUTH DAKOTA
AIR FORCE
TO BE EFFECTIVE JULY 1, 2005 THROUGH APRIL 30, 2006**

| | |
|--|---------------|
| (Over)/under recovered gas costs @ April 30, 2005 | \$128,059 |
| Less: Williston Basin Interstate Pipeline Refund Docket No. RP00-107-005 | <u>80,826</u> |
| | 47,233 |

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|------|--------|---------|--------|
| May | 25,000 | \$0.251 | 6,275 |
| June | 14,000 | 0.251 | 3,514 |
| | 39,000 | | 9,789 |

| | |
|------------------------------|------------------------|
| Additional recovery required | <u><u>\$37,444</u></u> |
|------------------------------|------------------------|

Projected sales volumes (dk)

| | | |
|--------------|--------|----------------|
| July 2005 | 11,960 | |
| August | 12,100 | |
| September | 19,020 | |
| October | 39,000 | |
| November | 67,970 | |
| December | 83,930 | |
| January 2006 | 89,000 | |
| February | 71,000 | |
| March | 67,000 | |
| April | 44,000 | |
| Total | | <u>504,980</u> |

| | |
|---|-----------------------|
| Total (over) / under recovered gas cost adjustment to be effective July 1, 2005 through April 30, 2006 | <u><u>\$0.074</u></u> |
|---|-----------------------|

**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 |
|------------------------------------|--------------------------|--------------------|-------------|------------------------|--------------------|----------------------|-------------------------------|---|---------------------------|
| Balance @ February 28, 2005 | | | | | | | | | <u>\$2,549,108</u> |
| March | \$29,860 | \$0 | \$3,825 | \$33,685 | 641,585 | \$0.395 | \$253,426 | (\$219,741) | 2,329,367 |
| April | 150,799 | 0 | 3,536 | 154,335 | 473,570 | 0.395 | 187,061 | (32,726) | 2,296,641 |
| Balance @ April 30, 2005 | | | | | | | | | <u>\$2,296,641</u> |

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
 INTERRUPTIBLE**

| | <u>(Over) Under Recovery</u> | <u>Refunds & 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> |
|------------------------------------|----------------------------------|--------------------------------|--------------------|--------------------------------|----------------------------|------------------------------|--|--|-------------------------------|
| Balance @ February 28, 2005 | | | | | | | | | \$66,570 |
| March | (\$1,945) | \$0 | \$100 | (\$1,845) | 9,637 | \$0.904 | \$8,712 | (\$10,557) | 56,013 |
| April | 7,677 | 0 | 85 | 7,762 | 7,284 | 0.904 | 6,585 | 1,177 | 57,190 |
| Balance @ April 30, 2005 | | | | | | | | | <u>\$57,190</u> |

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 & 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> |
|------------------------------------|----------------------------------|--------------------------------|--------------------|--------------------------------|----------------------------|------------------------------|--|--|-------------------------------|
| Balance @ February 28, 2005 | | | | | | | | | \$150,958 |
| March | (\$3,977) | \$0 | \$227 | (\$3,750) | 68,475 | \$0.132 | \$9,039 | (\$12,789) | 138,169 |
| April | (1,554) | 0 | 210 | (1,344) | 66,408 | 0.132 | 8,766 | (10,110) | 128,059 |
| Balance @ April 30, 2005 | | | | | | | | | <u>\$128,059</u> |

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**

| | <u>Dk</u> | <u>Amount</u> | <u>Cost per Dk</u> |
|---------------------------------------|-----------|---------------|--------------------|
| MARCH 2005 - FEBRUARY UNBILLED | | | |
| Purchased gas | 605,262 | \$4,680,475 | \$7.73297 |
| Base cost of gas | | | 7.58400 |
| (Over) Under recovery per dk | | | 0.14897 |
| dk billed | | | 386,317 |
| (Over) Under recovery | | | \$57,200 |
| MARCH 2005 | | | |
| Purchased gas | 573,682 | \$4,289,344 | \$7.47687 |
| Base cost of gas | | | 7.58400 |
| (Over) Under recovery per dk | | | (0.10713) |
| dk billed | | | 255,268 |
| (Over) Under recovery | | | (\$27,340) |
| APRIL 2005 - MARCH UNBILLED | | | |
| Purchased gas | 573,682 | \$4,289,344 | \$7.47687 |
| Base cost of gas | | | 7.46400 |
| (Over) Under recovery per dk | | | 0.01287 |
| dk billed | | | 317,951 |
| (Over) Under recovery | | | \$3,815 |
| APRIL 2005 | | | |
| Purchased gas | 363,331 | \$3,055,118 | \$8.40864 |
| Base cost of gas | | | 7.46400 |
| (Over) Under recovery per dk | | | 0.94464 |
| dk billed | | | 155,619 |
| (Over) Under recovery | | | \$146,984 |

**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> |
|---|-----------|---------------|--------------------|
| MARCH 2005 - FEBRUARY UNBILLED | | | |
| Purchased gas | 8,444 | \$52,827 | \$6.25616 |
| Base cost of gas | | | 6.31100 |
| (Over) Under recovery per dk dk billed | | | (0.05484) 0 |
| (Over) Under recovery | | | \$0 |
| MARCH 2005 | | | |
| Purchased gas | 9,645 | \$58,923 | \$6.10918 |
| Base cost of gas | | | 6.31100 |
| (Over) Under recovery per dk dk billed | | | (0.20182) 9,637 |
| (Over) Under recovery | | | (\$1,945) |
| APRIL 2005 - MARCH UNBILLED | | | |
| Purchased gas | 9,645 | \$58,923 | \$6.10918 |
| Base cost of gas | | | 6.13800 |
| (Over) Under recovery per dk dk billed | | | (0.02882) 0 |
| (Over) Under recovery | | | \$0 |
| APRIL 2005 | | | |
| Purchased gas | 7,289 | \$52,422 | \$7.19193 |
| Base cost of gas | | | 6.13800 |
| (Over) Under recovery per dk dk billed | | | 1.05393 7,284 |
| (Over) Under recovery | | | \$7,677 |

**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> |
|---|-----------|---------------|---------------------|
| MARCH 2005 - FEBRUARY UNBILLED | | | |
| Purchased gas | 69,049 | \$426,821 | \$6.18142 |
| Base cost of gas | | | 6.24000 |
| (Over) Under recovery per dk dk billed | | | (0.05858) 68,731 |
| (Over) Under recovery | | | (\$4,026) |
| MARCH 2005 | | | |
| Purchased gas | 66,462 | \$402,072 | \$6.04965 |
| Base cost of gas | | | 6.24000 |
| (Over) Under recovery per dk dk billed | | | (0.19035) (256) |
| (Over) Under recovery | | | \$49 |
| APRIL 2005 - MARCH UNBILLED | | | |
| Purchased gas | 66,462 | \$402,072 | \$6.04965 |
| Base cost of gas | | | 6.06900 |
| (Over) Under recovery per dk dk billed | | | (0.01935) 66,664 |
| (Over) Under recovery | | | (\$1,289) |
| APRIL 2005 | | | |
| Purchased gas | 45,553 | \$323,649 | \$7.10489 |
| Base cost of gas | | | 6.06900 |
| (Over) Under recovery per dk dk billed | | | 1.03589 (256) |
| (Over) Under recovery | | | (\$265) |

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO EAST RIVER
GENERAL PURPOSE
TO BE EFFECTIVE JULY 1, 2005 THROUGH APRIL 30, 2006**

| | |
|--|----------------|
| (Over)/under recovered gas costs @ April 30, 2005 | \$311,506 |
| Less: Williston Basin Interstate Pipeline Refund Docket No. RP00-107-005 | <u>443,582</u> |
| | (132,076) |

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|------|---------------|---------|--------------|
| May | 23,000 | \$0.447 | 10,281 |
| June | 13,000 | 0.447 | <u>5,811</u> |
| | <u>36,000</u> | | 16,092 |

| | |
|------------------------------|---------------------------|
| Additional recovery required | <u><u>(\$148,168)</u></u> |
|------------------------------|---------------------------|

Projected sales volumes (dk)

| | | |
|--------------|---------|----------------|
| July 2005 | 11,980 | |
| August | 12,470 | |
| September | 17,210 | |
| October | 41,000 | |
| November | 83,310 | |
| December | 118,880 | |
| January 2006 | 127,000 | |
| February | 100,000 | |
| March | 82,000 | |
| April | 46,000 | |
| Total | | <u>639,850</u> |

| | |
|---|-------------------------|
| Total (over)/under recovered gas cost adjustment to be effective July 1, 2005 through April 30, 2006 | <u><u>(\$0.232)</u></u> |
|---|-------------------------|

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER)/UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO EAST RIVER
100% LOAD FACTOR
TO BE EFFECTIVE JULY 1, 2005 THROUGH APRIL 30, 2006

| | |
|--|---------|
| (Over)/under recovered gas costs @ April 30, 2005 | \$1,170 |
| Less: Williston Basin Interstate Pipeline Refund Docket No. RP00-107-005 | 3,238 |
| | (2,068) |

Less: Projected recovery from rates already established

| | Volume | Rate | Amount |
|------|--------|---------|--------|
| May | 688 | \$0.034 | 23 |
| June | 5,072 | 0.034 | 172 |
| | 5,760 | | 195 |

| | |
|------------------------------|-----------|
| Additional recovery required | (\$2,263) |
|------------------------------|-----------|

Projected sales volumes (dk)

| | | |
|--------------|-------|--------|
| July 2005 | 2,917 | |
| August | 2,848 | |
| September | 6,096 | |
| October | 3,395 | |
| November | 5,686 | |
| December | 2,738 | |
| January 2006 | 0 | |
| February | 0 | |
| March | 0 | |
| April | 0 | |
| Total | | 23,680 |

| | |
|---|-----------|
| Total (over) / under recovered gas cost adjustment to be effective July 1, 2005 through April 30, 2006 | (\$0.096) |
|---|-----------|

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

| | (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 |
|------------------------------------|--------------------------|--------------------|-------------|------------------------|--------------------|----------------------|-------------------------------|---|-------------------------|
| Balance @ February 28, 2005 | | | | | | | | | <u>\$337,721</u> |
| March | \$4,767 | \$0 | \$507 | \$5,274 | 98,116 | \$0.283 | \$27,767 | (\$22,493) | 315,228 |
| April | 13,407 | 0 | 478 | 13,885 | 62,217 | 0.283 | 17,607 | (3,722) | 311,506 |
| Balance @ April 30, 2005 | | | | | | | | | <u>\$311,506</u> |

1/ Interest calculated at 90 day Treasury Note rate.

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

| | (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 |
|------------------------------------|--------------------------|--------------------|-------------|------------------------|--------------------|----------------------|-------------------------------|---|------------------------------|
| Balance @ February 28, 2005 | | | | | | | | | \$991 |
| March | \$0 | \$0 | \$1 | \$1 | 0 | \$0.005 | \$0 | \$1 | 992 |
| April | 201 | 0 | 2 | 203 | 5,015 | .005 | 25 | 178 | 1,170 |
| Balance @ April 30, 2005 | | | | | | | | | <u><u>\$1,170</u></u> |

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**

| | <u>Dk</u> | <u>Amount</u> | <u>Cost per Dk</u> |
|---------------------------------------|-----------|---------------|--------------------|
| MARCH 2005 - FEBRUARY UNBILLED | | | |
| Purchased gas | 90,035 | \$714,760 | \$7.93869 |
| Base cost of gas | | | 7.75900 |
| (Over) Under recovery per dk | | | 0.17969 |
| dk billed | | | 66,103 |
| (Over) Under recovery | | | \$11,878 |
| MARCH 2005 | | | |
| Purchased gas | 81,142 | \$611,557 | \$7.53687 |
| Base cost of gas | | | 7.75900 |
| (Over) Under recovery per dk | | | (0.22213) |
| dk billed | | | 32,013 |
| (Over) Under recovery | | | (\$7,111) |
| APRIL 2005 - MARCH UNBILLED | | | |
| Purchased gas | 81,142 | \$611,557 | \$7.53687 |
| Base cost of gas | | | 7.58500 |
| (Over) Under recovery per dk | | | (0.04813) |
| dk billed | | | 49,662 |
| (Over) Under recovery | | | (\$2,390) |
| APRIL 2005 | | | |
| Purchased gas | 35,981 | \$318,189 | \$8.84325 |
| Base cost of gas | | | 7.58500 |
| (Over) Under recovery per dk | | | 1.25825 |
| dk billed | | | 12,555 |
| (Over) Under recovery | | | \$15,797 |

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> |
|---------------------------------------|-----------|---------------|--------------------|
| MARCH 2005 - FEBRUARY UNBILLED | | | |
| Purchased gas | 0 | \$0 | \$0.00000 |
| Base cost of gas | | | 0.00000 |
| (Over) Under recovery per dk | | | 0.00000 |
| dk billed | | | 0 |
| (Over) Under recovery | | | \$0 |
| MARCH 2005 | | | |
| Purchased gas | 0 | \$0 | \$0.00000 |
| Base cost of gas | | | 0.00000 |
| (Over) Under recovery per dk | | | 0.00000 |
| dk billed | | | 0 |
| (Over) Under recovery | | | \$0 |
| APRIL 2005 - MARCH UNBILLED | | | |
| Purchased gas | 0 | \$0 | \$0.00000 |
| Base cost of gas | | | 6.13200 |
| (Over) Under recovery per dk | | | (6.13200) |
| dk billed | | | 0 |
| (Over) Under recovery | | | \$0 |
| APRIL 2005 | | | |
| Purchased gas | 4,982 | \$30,750 | \$6.17222 |
| Base cost of gas | | | 6.13200 |
| (Over) Under recovery per dk | | | 0.04022 |
| dk billed | | | 5,015 |
| (Over) Under recovery | | | \$201 |