

Montana Public Service Commission  
1701 Prospect Avenue  
PO Box 202601  
Helena MT 59620-2601

For more information, contact:  
Nancy McCaffree - 406-444-6165  
Ron Woods - 406-444-6188

April 11, 1996

#### PSC APPROVES RATE REDUCTION FOR MDU CUSTOMERS

Natural gas customers of Montana-Dakota Utilities Co. will see their rates fall slightly as the result of Public Service Commission orders issued Thursday. The PSC's decisions addressed two separate cases, the combined effect of which will result in a reduction of 34 cents per dekatherm for MDU's residential customers. The commission approved an annual gas revenue increase of \$1,008,687 for the company, which is about half of the \$2.8 million MDU had requested when it filed the rate case last July. The other pending case was a routine gas cost tracking procedure filed by MDU earlier this month in which the company requested a rate decrease of \$1.125 million to reflect its lower costs for gas purchases from producers. The PSC approved the decrease on an interim basis Thursday.

MDU will recover the additional revenue granted in the general rate case through an increase in the base rate charge for residential customers of 50 cents per month and an increase in residential gas rates of 11 cents per dekatherm. However, that rate increase will be more than offset by the interim gas tracker decrease of 45 cents per dekatherm.

In the general rate case, the PSC rejected MDU's proposal to shift \$1.5 million of the company's costs from industrial customers to residential customers. MDU had requested an increase of about 12 percent in residential gas rates and a decrease of about 8 percent for general service and small interruptible customers.

"The commission recognizes that utilities are subject to increasing competitive pressures, especially for business and high-volume users," said PSC Chair Nancy McCaffree. "However, MDU failed to provide cost studies that would justify residential customers assuming more of the utility's costs. Without that proof, it would not be fair for the commission to permit such cost shifting."

Commissioner Danny Oberg said that MDU's management has finally responded to commission appeals to diversify its gas suppliers. "Now that MDU is no longer dependent on its sister company, Williston Basin, for its source of gas, customers are benefiting from depressed prices for natural gas supplies available on the open market," Oberg said. MDU has about 66,000 natural gas customers in eastern Montana.

###