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MDU GAS CUSTOMERS WILL GET REFUND & LOWER RATE IN JANUARY

Natural gas customers of Montana-Dakota Utilities in Montana will have something to celebrate besides the new year come January when they will get a refund as well as a rate reduction of approximately \$1 per decatherm from MDU.

The state Public Service Commission on Tuesday approved MDU's plan to provide a cash refund and lower gas rate to customers as a result of the Federal Energy Regulatory Commission's decision to order MDU's gas supplier, Williston Basin Interstate Pipeline, to issue a refund to MDU. In addition, MDU's cost to purchase gas has decreased, which will result in a further rate reduction in January.

From June 1992 through December 1995, Williston Basin was allowed by the FERC to charge higher rates, subject to refund, to its wholesale gas customers like MDU while its rate request was pending at the federal agency. The Montana Consumer Counsel was among the various parties that protested certain portions of Williston Basin's request for higher rates. The exact amount of the refund is not known for certain yet, but it is estimated to be about \$30 million, with Montana's share of the refund estimated at about \$9.2 million.

As a result of the PSC's decision Tuesday, all Montanans who were MDU gas customers during the last year will receive a refund check from MDU based on their usage during that year, except customers whose accounts are more than 60 days in arrears will receive their refunds through a one-time credit to their accounts. MDU expects to issue all refunds and credits by the end of March.

Besides the refund, MDU's gas rate will decrease by about 36 cents per decatherm effective January 1. The decrease will occur when MDU applies \$4 million of the refund to eliminate its unreflected gas cost adjustment that was added to customers' rates in 1997 and was scheduled to continue until May 1998.

This refund plan, coupled with MDU's rate reduction of 64 cents per decatherm for the month of January to reflect the lower cost MDU is paying to purchase gas, amounts to an approximate \$1 per decatherm rate decrease for January, along with a refund check.

According to PSC member Nancy McCaffree, "Raising utility prices is not one of the fun parts of this job -- lowering them is! Merry Christmas and Happy Hanukkah!" PSC member Danny Oberg said, "I am glad that the efforts of the PSC and Montana Consumer Counsel to ensure fair rates by intervening in federal cases helped contribute to this major reduction in rates and a refund for Montana consumers. It is a welcome Christmas present for Montana!"

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