



Office of Consumer Advocate

2515 Warren Ave., Suite 300

Cheyenne, Wyoming 82002

Telephone 307-777-7427

FAX 307-777-5700

FOR IMMEDIATE RELEASE

June 6, 2003

FOR MORE INFORMATION CONTACT: Bryce Freeman @ (307) 777-5742
Marci Norby @ (307) 777-5720

Montana Dakota Utilities Company Denied Increased Natural Gas Commodity Rate

CHEYENNE, WYOMING –

The Wyoming Public Service Commission has denied Montana Dakota Utilities Company's most recent request to increase its natural gas commodity rate after hearing concerns about the company's high earning levels from both representatives of the Office of Consumer Advocate and the Wyoming Public Service Commission Staff. The increase was requested by the Company in order to make rates reflective of the wholesale natural gas costs it is currently incurring. However, the Wyoming Public Service Commission's rules do not allow a company to pass on these types of wholesale cost increases if the Company's current earnings exceed its last authorized rate of return.

"Our review of Montana Dakota's most recently submitted financial statements revealed that the Company is earning more than the allowed level of 8.94% on its Wyoming utility operations," stated Bryce Freeman, Administrator of the Office of Consumer Advocate. "Therefore, pursuant to its own rules, the Commission had no choice but to deny the proposed increase." The proposed increase, had it been approved, would have added just over 5% to the average residential customer's bill for the month of June.

"We are pleased that the Commission denied the proposed increase, however, preliminary numbers indicate that further rate reductions may be necessary in order to eliminate additional earnings above those authorized by the Commission in Montana Dakota's most recent rate proceeding," continued Freeman. "The Office of Consumer Advocate urges the Wyoming Public Service Commission to open an independent investigation to determine the factors that caused the Company to exceed its authorized rate of return. The Commission should require Montana Dakota Utilities to further explain its current earnings levels and to propose a plan for returning earnings to reasonable, approved levels."

Montana Dakota Utilities files monthly applications with the Wyoming Public Service Commission in order to pass-on current increases or decreases in its wholesale natural gas costs. Without further action or investigation by the Commission, the Office of Consumer Advocate believes that it is likely that the earnings levels will continue to be an issue in Montana Dakota's monthly applications for the next several months.