

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

June 10, 2008

RECEIVED

JUN 10 2008

Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505

PUBLIC SERVICE COMMISSION

Re: Cost of Gas – Propane (COG)
Case No. PU-08-____

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits an original and seven (7) copies of a Purchased Propane Cost Adjustment (PCA) change pursuant to the terms of Rate 99.

Attachment A is the Rate Summary Sheet (64th Revised Sheet No. 3) showing the proposed propane rates to be effective July 1, 2008.

Montana-Dakota purchases propane supplies from various wholesale suppliers. The cost of propane has increased since the last PCA filing due to an increase in the market price of propane. Attachment B explains the reasons for the increase in the market price of propane.

Exhibit A, page 1 summarizes the propane cost adjustment, calculated pursuant to the terms of Rate 99, which will apply during the month of July 2008. The net effect of this filing is an increase of \$1.098 per dk for all customers from the currently effective rates.

Exhibit A, page 2 shows the calculation of the current propane cost adjustment that will be applicable to Montana-Dakota's customers for the month of July 2008. The average cost of propane for all customers, adjusted for losses, is \$18.115 per dk.

The proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$1,383 during the month of July 2008. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 337 propane customers in North Dakota as of May 31, 2008.

Montana-Dakota has attached a check for the amount of \$300.00 in accordance with North Dakota Century Code Section 49-05-05. This payment will cover the filing fee associated with Propane COG filings through December, 2008.

Please refer all inquiries regarding this filing to:

Ms. Rita A. Mulkern
Regulatory Analysis Manager
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
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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
Vice President – Regulatory Affairs

Attachments

STATE OF NORTH DAKOTA)
COUNTY OF BURLEIGH)

: ss.

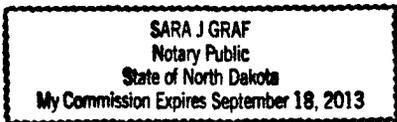
Donald R. Ball, being first duly sworn, deposes and says; that he is the Vice President – Regulatory Affairs of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., that he has supervised the preparation of the foregoing statements, certifies that all of the statements are based on the records of the respondent, and that the same is true and correct to the best of his knowledge, information and belief.

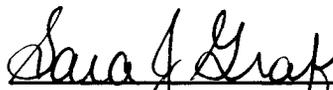
Dated this 10th day of June, 2008.



Donald R. Ball

Subscribed and sworn to before me this 10th day of June, 2008.





Sara J. Graf, Notary Public
Burleigh County, North Dakota
My Commission Expires: 09/18/2013

OF COUNSEL:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
PO Box 5650
Bismarck, ND 58506-5650

PROPOSED NATURAL GAS RATE SCHEDULE



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

NDPSC Volume 7
64th Revised Sheet No. 3
Canceling 63rd Revised Sheet No. 3

RATE SUMMARY SHEET

Page 1 of 2

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	COG Items	Total Rate/ Dk
Residential Rate 60	4	\$0.30 per day	\$0.812	\$10.514	\$11.326
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$10.514	\$10.652
Interruptible Service - PAR			\$0.120	\$9.427	\$9.547
Interruptible Service - MAFB			\$0.120	\$9.664	\$9.784
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$10.514	\$11.111
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$9.427	(Maximum) \$10.298
Optional Seasonal Gas Service Rate 72	15				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day			
Winter Gas Usage			\$0.597	\$10.595	\$11.192
Summer Gas Usage			\$0.597	\$9.684	\$10.281
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.044	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.044	
Large Interruptible Gas Rate 85	27	\$675.00 per month	(Maximum) \$0.719	\$9.427	(Maximum) \$10.146
Residential Propane Rate 90	32	\$0.30 per day	\$0.812	\$18.512	\$19.324
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$18.512	\$19.109

Date Filed: June 10, 2008

Effective Date:

Issued By: Donald R. Ball

Vice President - Regulatory Affairs

Case No.:

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
July 2008**

Montana-Dakota uses three regional bulk wholesale propane suppliers for obtaining the lowest prices for Hettinger customers. Each time Montana-Dakota purchases propane, it requests a price quote from each supplier for a specific delivery date and quantity in truckloads, delivering 8,000 to 12,000 gallons. Montana-Dakota selects the lowest price, all other things being equal.

The June prices for propane have increased from the previous level. A change in the price of propane is generally driven by a combination of crude oil prices, weather, demand and inventory levels. Record high energy prices, including crude oil, continue to cause price pressure on propane.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on Energy issues. The information is available on their website:
<http://www.eia.doe.gov>

**MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE TARIFF SHEET
NORTH DAKOTA PROPANE
EFFECTIVE JULY 2008**

Cost of Gas - Propane:

Current Propane Cost (Exhibit A)	\$18.115
Prior Propane Cost	<u>17.017</u>
Current Propane Cost Adjustment	<u><u>\$1.098</u></u>

Surcharge Adjustment:

Current Adjustment	\$0.406
Prior Adjustment	<u>0.406</u>
Change in Surcharge Adjustment	\$0.000

Margin Sharing Provision

Current Adjustment	(\$0.009)
Prior Adjustment	<u>(0.009)</u>
Change in Margin Sharing Provision	\$0.000

Net Increase (Decrease) in Gas Costs \$1.098

Propane Cost Level	\$18.115
Plus: Surcharge	<u>0.406</u>
Total Propane Cost Level in Rates	<u><u>\$18.521</u></u>

**MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE JULY 2008**

Cost of Purchased Propane	\$22,721
Gallons Purchased	13,770
Projected dk Sales	1,260
Propane Cost per Dk	\$18.033
Average Cost of Propane as Adjusted for Losses @ 99.55%	18.115
Less: Propane Cost Level in Rates 1/	<u>17.017</u>
Current Propane Cost Adjustment	<u><u>\$1.098</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-08-205