



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

ORIGINAL

May 9, 2008

RECEIVED

MAY 12 2008

PUBLIC SERVICE COMMISSION

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

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 Cost of Gas - Propane (COG) change pursuant to the terms of Rate 99.

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

Exhibit A, page 1 summarizes the cost of gas – propane calculated pursuant to the terms of Rate 99, which will apply during the month of June 2008. The net effect of this filing is an increase of \$0.550 per dk for all customers from the currently effective rates.

Exhibit A, page 2 shows the calculation of the current cost of gas – propane that will be applicable to Montana-Dakota's customers for the month of June 2008. The average cost of propane for all customers, adjusted for losses, is \$17.017 per dk.

The proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$950 during the month of June 2008. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 335 propane customers in North Dakota as of April 30, 2008.

Montana-Dakota submitted a check for the amount of \$300.00 on December 12, 2007, in accordance with North Dakota Century Code Section 49-05-05. This payment will cover the filing fee associated with the monthly Propane COG filings for January through June, 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
Assistant 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,



Rita A. Mulkern
Regulatory Analysis Manager

Attachments
cc: D. Ball

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
June 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 May 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 crude oil prices and a continuing regional shortage of propane supply 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 JUNE 2008

Cost of Gas - Propane:

Current Propane Cost (Exhibit A)	\$17.017
Prior Propane Cost	<u>16.467</u>
Current Propane Cost Adjustment	<u><u>\$0.550</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 \$0.550

Propane Cost Level	\$17.017
Plus: Surcharge	<u>0.406</u>
Total Propane Cost Level in Rates	<u><u>\$17.423</u></u>

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

Cost of Purchased Propane	\$29,306
Gallons Purchased	18,907
Projected dk Sales	1,730
Propane Cost per Dk	\$16.940
Average Cost of Propane as Adjusted for Losses @ 99.55%	17.017
Less: Propane Cost Level in Rates 1/	<u>16.467</u>
Current Propane Cost Adjustment	<u><u>\$0.550</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-08-157