



# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

# ORIGINAL

July 9, 2008

RECEIVED

JUL 10 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 August 2008. The net effect of this filing is an increase of \$0.548 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 August 2008. The average cost of propane for all customers, adjusted for losses, is \$18.663 per dk.

The proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$795 during the month of August 2008. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 338 propane customers in North Dakota as of June 30, 2008.

Montana-Dakota submitted a check for the amount of \$300.00 on June 10, 2008, 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 June 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.

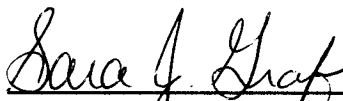
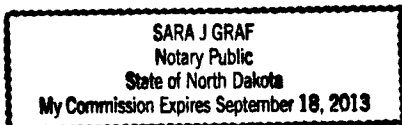
Donald R. Ball, being first duly sworn, deposes and says; that he is the Vice President – Regulatory Affairs of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., that he has supervised the preparation of the foregoing statements, certifies that all of the statements are based on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

Dated this 9th day of July, 2008.



Donald R. Ball

Subscribed and sworn to before me this 9th day of July, 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

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

**Cost of Gas - Propane:**

Current Propane Cost	\$18.663
Prior Propane Cost	<u>18.115</u>
Current Propane Cost Adjustment	<u><u>\$0.548</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**

\$0.548

Propane Cost Level	\$18.663
Plus: Surcharge	<u>0.406</u>
Total Propane Cost Level in Rates	<u><u>\$19.069</u></u>

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

Cost of Purchased Propane	\$26,940
Gallons Purchased	15,847
Projected dk Sales	1,450
Propane Cost per Dk	\$18.579
Average Cost of Propane as Adjusted for Losses @ 99.55%	18.663
Less: Propane Cost Level in Rates 1/	<u>18.115</u>
Current Propane Cost Adjustment	<u><u>\$0.548</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-08-343