



**MONTANA-DAKOTA**

**UTILITIES CO.**

*A Division of MDU Resources Group, Inc.*

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

**ORIGINAL**

August 26, 2008

**RECEIVED**

AUG 27 2008

**PUBLIC SERVICE COMMISSION**

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

Re: Cost of Gas – Natural Gas – Rate 88  
Cost of Gas – Propane – Rate 99  
Case No. PU-08-\_\_\_\_\_

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith requests approval to revise its Cost of Gas – Natural Gas – Rate 88 tariff (COG tariff) and its Cost of Gas – Propane – Rate 99 tariff. Montana-Dakota submits an original and seven copies of this Letter of Transmittal along with Exhibit A in support of this request.

Section 2(a) of each of the COG tariffs states that the effective date of the monthly COG is to be bills rendered on and after the first date of each month. Montana-Dakota herewith requests Commission approval to change the effective date of the COG tariff from bills rendered to a service rendered basis.

Montana-Dakota is in the process of integrating its Automated Meter Reading (AMR) system. During the integration process, Montana-Dakota is rerouting some meter read cycles to take advantage of the efficiencies and flexibility that AMR offers. The Company also expects to reroute meter read cycles in the future, using knowledge gained through experience with the AMR system, to gain further efficiencies. To avoid potential effects on customers, both now and in the future, Montana-Dakota proposes to implement its COG on a service rendered basis. An additional advantage of a service rendered COG is that it will provide for an equitable sharing of costs among all customers, regardless of their meter read cycle.

The Company requests approval of 3<sup>rd</sup> Revised Sheet No. 30 of its Cost of Gas – Natural Gas Rate 88 schedule, and 2<sup>nd</sup> Revised Sheet No. 41 of its Cost of Gas – Propane – Rate 99 schedule as provided in Exhibit A. Also included is a second affected tariff on which Montana-Dakota has indicated the revision requested by lining through the existing language, which the Company proposes to delete, and underlining the new proposed language.

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

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 this filing.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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

cc: D. S. Kuntz

# **Exhibit A**



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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NDPSC Volume 7  
3<sup>rd</sup> Revised Sheet No. 30  
Canceling 2<sup>nd</sup> Revised Sheet No. 30

### COST OF GAS – NATURAL GAS Rate 88

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Page 1 of 6

#### 1. **Applicability:**

This rate schedule constitutes a cost of gas (COG) provision and specifies the procedure to be utilized to adjust the rates for natural gas sold under Montana-Dakota's rate schedules in order to reflect: (a) changes in Montana-Dakota's average cost of natural gas supply, (b) amortization of the Unrecovered Purchased Gas Cost Account and (c) market based pricing differential.

#### 2. **Effective Date and Limitation on Adjustments:**

- (a) The effective dates of the COG shall be service rendered on and after the first date of each month, unless the Commission shall otherwise order.
- (b) Montana-Dakota shall file to reflect changes in its average cost of gas supply only when the amount of change in such COG is at least 10 (ten) cents per dk. The adjustment to be effective October 1 shall be filed each year, regardless of the amount of the change.

#### 3. **Cost of Gas:**

- (a) The monthly COG shall reflect changes in Montana-Dakota's cost of gas supply as compared to the cost of gas supply approved in its most recent COG filing. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for general system supply. General system supply is defined as gas available for use by all customers served under retail sales rate schedules. The cost of gas supply shall include, but not be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the system gas supply.
- (b) The COG shall be computed as follows:
  - (1) Demand costs shall include all annual gathering, transportation and storage demand charges at current rates.
  - (2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.

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**Date Filed:** August 26, 2008

**Effective Date:**

**Issued By:** Donald R. Ball  
Vice President -  
Regulatory Affairs

**Case No.:**



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

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### COST OF GAS – PROPANE Rate 99

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 41  
Canceling 1<sup>st</sup> Revised Sheet No. 41

Page 1 of 3

#### 1. Availability:

This rate schedule constitutes a Cost of Gas (COG) provision and specifies the procedure to be utilized to adjust the rates for propane gas sold under Montana-Dakota's rate schedules in order to reflect: (a) changes in Montana-Dakota's average cost of propane supply and (b) amortization of the Unrecovered Purchased Cost of Gas Account.

#### 2. Effective Date and Limitation on Adjustments:

- (a) The effective dates of the COG shall be service rendered on and after the first day of each month, unless the Commission shall otherwise order.
- (b) Montana-Dakota shall file to reflect changes in its average cost of propane supply only when the amount of such change in COG is at least 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

#### 3. Cost of Gas:

- (a) The monthly COG shall reflect changes in Montana-Dakota's cost of propane supply as compared to the cost of propane supply approved in its most recent COG filing. The cost of propane supply shall include, but not be limited to, all commodity and transportation charges incurred by Montana-Dakota for such propane supply.
- (b) The propane commodity cost shall reflect all commodity related propane costs estimated to be incurred for the month the COG will be in effect and estimated dk purchases.

The unit cost per dk for the month shall be the commodity costs divided by estimated dk purchases for the month.

#### 4. Surcharge Adjustment:

All propane sales schedules shall be subject to a Surcharge Adjustment to be effective on May 1 each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Cost of Gas Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment.

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# Montana-Dakota Utilities Co.

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400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
2<sup>nd</sup> Revised Sheet No. 30  
Canceling 1<sup>st</sup> Revised Sheet No. 30

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Page 1 of 6

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(2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.

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## State of North Dakota Gas Rate Schedule

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### COST OF GAS – PROPANE Rate 99

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NDPSC Volume 7  
1<sup>st</sup> Revised Sheet No. 41  
Canceling Original Sheet No. 41

Page 1 of 3

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