



# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

# ORIGINAL

November 10, 2008

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

RECEIVED  
NOV 10 2008  
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 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 decreased since the last COG filing due to a decrease in the market price of propane. Attachment A explains the reasons for the decrease 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 December 2008. The net effect of this filing is a decrease of \$1.648 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 December 2008. The average cost of propane for all customers, adjusted for losses, is \$14.271 per dk.

The proposed adjustment, calculated in accordance with Rate 99, will amount to a decrease of approximately \$13,069 during the month of December 2008. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 336 propane customers in North Dakota as of October 31, 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



**Montana-Dakota Utilities Co.  
Market Conditions for Regional Propane  
December 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 November prices for propane have decreased 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. An ease in energy prices, including crude oil, has resulted in a decrease in the price of 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 DECEMBER 2008**

**Cost of Gas - Propane:**

Current Propane Cost	\$14.271
Prior Propane Cost	<u>15.919</u>
Current Propane Cost Adjustment	<u><u>(\$1.648)</u></u>

**Surcharge Adjustment:**

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

**Market Based Pricing Differential**

Current Adjustment	(\$0.008)
Prior Adjustment	<u>(0.008)</u>
Change in Margin Sharing Provision	\$0.000

**Net Increase (Decrease) in Gas Costs** (\$1.648)

Propane Cost Level	\$14.271
Plus: Surcharge	<u>0.406</u>
Total Propane Cost Level in Rates	<u><u>\$14.677</u></u>

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

Cost of Purchased Propane	\$112,665
Gallons Purchased	86,665
Projected dk Sales	7,930
Propane Cost per Dk	\$14.207
Average Cost of Propane as Adjusted for Losses @ 99.55%	14.271
Less: Propane Cost Level in Rates 1/	<u>15.919</u>
Current Propane Cost Adjustment	<u><u>(\$1.648)</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-08-823