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December 12, 2008

RECEIVED

Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building  
Bismarck, ND 58505-0480

DEC 12 2008

PUBLIC SERVICE COMMISSION

Re: Gas Meter Test Results

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the results of its gas meter testing program for the period April 1, 2006 through March 31, 2008.

Montana-Dakota's meter testing program consists of the following five categories:

1. New Test - New meters purchased were tested and found to be satisfactory prior to release in accordance with the Company's approved plan in Case No. I-5083, effective on May 14, 1973.
2. Periodic Test – Meters with ratings of 630 cubic feet per hour or greater are tested at a periodic interval of at least once in eight years.
3. Mileage Test - Meters tested prior to the required eight-year periodic test as they have met with Company-imposed mileage limits.
4. Other Test - Inactive premise or idle meters are reported in the Other Test results.
5. Random Test - All other active meters, with ratings of 630 cubic feet per hour or less, are assigned to lots and are randomly computer selected for test each year. Any additional meters necessary to complete the Random Test lot size are selected from the Other Test results.

All damaged or non-registering meters are incapable of measuring gas accurately due to damaged indexes, mechanical malfunctions, or break(s) in the meter body. These damaged meters are either retired or given a complete overhaul and re-tested before being placed back in service.

Results for the Periodic, Mileage and Other meter tests are based on check ratings (lower rate of flow) in accordance with Section No. 69-09-01-13 of the North Dakota Administrative Code. Meters not in accordance with accepted standards are being repaired and corrected to within 1% before being reinstalled, in accordance with Section No. 69-09-01-13, Item 1. A summary of the Periodic, Other meter test results are shown on Attachment A.

Calculations of all lots in the Random Sample Program are made in accordance with the program detailed in Department of Defense Bulletin dated June 11, 1957, entitled "Military Standard Sampling Procedure & Tables for Inspections by Variable for Percent Defective," as approved in Case No. I-5083.

The Random Test results (Attachment B) represent results of the meter testing performed during the period April 1, 2006 through March 31, 2007. Montana-Dakota deviated from its random meter testing program during the period April 1, 2007 through March 31, 2008 as a result of implementing its Automated Meter Reading (AMR) Program. As a result of that project approximately 10,000 meters were removed and replaced throughout Montana-Dakota's service territory and a random sample was not performed during the course of the 2007-2008 typical test period. Removal of the meter groups as part of the AMR project were primarily 1960's and 1970's vintage meters and their removal is expected to improve the overall accuracy and reliability of Montana-Dakota's gas meter population.

The results of the random testing for the period 2006-2007 indicated that all meters are acceptable and meet the criteria for acceptance, with the exception of the meter groups described below.

The following meter groups experienced a first year failure with less than 10% of the meters registering less than two percent fast. Montana-Dakota will resample the following groups of meters starting in January 2009 with test results provided to the Commission by July 1, 2009.

- Meter Lot AL425 - Group 91-95
- Meter Lot ER02 - Group 81-85
- Meter Lot ER03 - Group 81-85

The following meter groups experienced a first year failure with more than 10% of the meters registering more than two percent fast or a second year failure. Montana-Dakota has removed and tested 1,594 of the meters and the remaining 718 will be removed by April 1, 2009.

- Meter Lot ER02 - Group 71-75
- Meter Lot ER03 - Group 76-80
- Meter Lot ER03 - Group 81-85

As indicated by the three-year history of meter tests provided on Attachment B, the random sampling procedure does not provide for a clear trend line of which conclusions may be drawn regarding groups that are clearly warranting a higher priority. As noted above, Montana-Dakota will begin sampling and/or removing the failed groups with that to be completed by April 1, 2009. The random sampling program will be reinstated in 2009 with testing completed by April 1, 2010 and results reported by July 1, 2010. Montana-Dakota will report the results of other tests referenced above by July 1, 2009.

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

Attachment

### North Dakota 2006 Meter Test Results

Tested April 1, 2006 through March 31, 2007

	Code	No Test	<95	<96	<97	<98	<99	99-101	>101	>102	>103	>104	>105	Total
New	3	0	0	0	0	0	0	1057	1	0	0	0	0	1058
Random	4	6	19	5	6	30	60	1201	312	85	25	15	18	1782
Periodic	5	0	20	6	8	7	15	124	43	17	5	0	2	247
Non Register	6	13	3	0	0	4	3	74	21	7	4	0	3	132
Damaged	7	5	1	0	0	0	0	8	0	1	0	0	2	17
Other	8	7	9	4	6	8	24	630	168	52	15	11	19	953
Failed	F	51	173	36	67	111	179	1496	759	274	119	41	34	3340
		<b>82</b>	<b>225</b>	<b>51</b>	<b>87</b>	<b>160</b>	<b>281</b>	<b>4590</b>	<b>1304</b>	<b>436</b>	<b>168</b>	<b>67</b>	<b>78</b>	<b>7529</b>

**Montana-Dakota Utilities Co.  
Random Sample Meter Tests - North Dakota**

Meter Lot	2004-2005 Test Year				2005-2006 Test Year				2006-2007 Test Year						
	Test Year	Sample Size	Lot Size	% Defective	% Allowable	Test Year	Sample Size	Lot Size	% Defective	% Allowable	Test Year	Sample Size	Lot Size	% Defective	% Allowable
415	86-90	4	4	43.33 <sup>3/</sup>	36.90										
	91-95	25	366	36.21 <sup>3/</sup>	23.97						91-95	3	3	33.13	40.47
	96-00	35	839	2.33	22.91	96-00	30	791	1.83	23.58	96-00	30	755	16.24	23.58
	01-02	30	614	5.99	23.58	01-03	35	929	4.61	22.91	01-04	40	1,346	13.00	22.86
AC-250	85-89	4	19	-	36.90	85-89	3	14	-	40.47	85-89	3	13	0.00	40.47
	90-94	10	99	0.42	27.57	90-94	10	88	12.13	27.57	90-94	10	79	7.77	27.57
	95-99	40	2,269	0.01	22.86	95-99	40	2,181	18.18	22.86	95-99	40	2,119	8.60	22.86
	00-02	50	6,385	0.01	22.00	00-03	75	8,355	0.18	21.11	00-04	75	12,420	0.10	21.11
AL-425	91-95	7	50	-	30.50	91-95	7	43	26.31	30.50	91-95	7	42	35.79 <sup>1/</sup>	30.50
	96-00	20	231	31.55 <sup>1/</sup>	24.53	96-00	20	211	3.20	24.53	96-00	20	190	0.06	24.53
	01-02	20	201	-	24.53	01-03	20	266	0.20	24.53	01-04	25	385	0.02	23.97
AS02 (AL-175, AL-225, AL-250)	76-80	20	200	23.45	24.53	76-80	15	180	6.22	25.61	76-80	15	161	0.68	25.61
	81-85	5	35	0.12	33.99	81-85	5	30	-	33.99	81-85	4	25	0.00	36.90
	86-90	40	1,795	41.06 <sup>2/</sup>	22.86	86-90	30	777	3.84	23.58	86-90	30	739	18.98	23.58
	91-95	40	1,750	18.24	22.86	91-95	40	1,694	17.77	22.86	91-95	40	1,788	11.31	22.86
	96-00	40	2,367	32.61 <sup>1/</sup>	22.86	96-00	40	2,288	6.68	22.86	96-00	40	2,339	9.00	22.86
	01-02	25	396	-	23.97	01-03	30	617	0.07	23.58	01-04	35	1,045	0.10	22.91
ER01 (0 & 175)	91-95	15	164	14.78	25.61	91-95	15	144	17.21	25.61	91-95	15	127	16.20	25.61
	96-00	25	343	3.68	23.97	96-00	25	311	9.15	23.97	96-00	20	280	0.74	24.53
	01-02	15	143	0.02	25.61	01-03	20	231	0.97	24.53	01-04	20	277	0.00	24.53
RX-250	91-95	10	73	13.26	27.57	91-95	7	59	19.48	30.50	91-95	7	51	5.77	30.50
	96-00	15	131	7.86	25.61	96-00	15	111	-	25.61	96-00	10	95	15.33	27.57
ER02 (250 & 310)	66-70	20	263	53.12 <sup>1/</sup>	24.53	66-70	20	241	36.19 <sup>1/</sup>	24.53	71-75	20	246	34.91 <sup>3/</sup>	24.53
	76-80	30	759	26.51 <sup>2/</sup>	23.58	76-80	25	352	19.47	23.97	76-80	25	328	13.54	23.97
	81-85	30	651	13.39	23.58	81-85	30	611	6.96	23.58	81-85	30	581	31.46 <sup>1/</sup>	23.58
	86-90	40	1,925	27.61 <sup>3/</sup>	22.86	86-90	35	933	21.78	22.91	86-90	35	892	14.69	22.91
	91-95	50	5,684	11.74	22.00	91-95	50	5,563	9.94	22.00	91-95	50	5,481	2.01	22.00
	96-00	50	6,312	11.25	22.00	96-00	50	6,150	19.16	22.00	96-00	50	6,056	14.90	22.00
ER03 (200 & 275)	01-02	35	947	8.49	22.91	01-03	40	1,408	-	22.86	01-04	40	2,149	3.41	22.86
	76-80	35	1,011	8.39	22.91	76-80	35	960	36.42 <sup>2/</sup>	22.91	76-80	35	914	46.06 <sup>2/</sup>	22.91
	81-85	40	2,107	18.49	22.86	81-85	40	2,052	23.70 <sup>2/</sup>	22.86	81-85	40	2,000	27.87 <sup>2/</sup>	22.86
	86-90	40	3,099	42.04 <sup>3/</sup>	22.86	86-90	40	2,462	10.34	22.86	86-90	40	2,407	16.58	22.86
NL-250	91-95	50	4,909	12.90	22.00	91-95	50	4,806	10.14	22.00	91-95	50	4,711	6.69	22.00
	96-00	75	9,215	11.86	21.11	96-00	75	9,047	9.70	21.11	96-00	75	8,883	11.80	21.11
	01-02	50	3,284	0.13	22.00	01-03	50	5,802	0.07	22.00	01-04	75	8,836	0.99	21.11
	93-97	25	393	21.18	23.97	93-97	25	360	10.94	23.97	93-97	25	333	10.64	23.97
98-02	20	259	10.80	24.53	98-02	20	234	22.40	24.53	98-02	20	213	7.77	24.53	
						03	7	62	-	30.50	03-04	20	193	1.01	24.53

**Montana-Dakota Utilities Co.  
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Meter Lot	2004-2005 Test Year				2005-2006 Test Year				2006-2007 Test Year						
	Test Year	Sample Size	Lot Size	% Defective	% Allowable	Test Year	Sample Size	Lot Size	% Defective	% Allowable	Test Year	Sample Size	Lot Size	% Defective	% Allowable
S 250	87 - 91	25	405	0.01	23.97	87 - 91	25	373	0.07	23.97	87 - 91	25	348	0.05	23.97
	92 - 96	40	1,302	14.03	22.86	92 - 96	35	1,238	-	22.91	92 - 96	35	1,199	0.27	22.91
	97 - 01	35	968	0.01	22.91	97 - 01	35	916	0.16	22.91	97 - 01	35	877	1.37	22.91
	02	15	130	-	25.61	02 - 03	25	358	1.52	25.61	02 - 04	30	763	0.03	23.58
SL-250	92 - 96	25	314	1.95	23.97	92 - 96	20	286	22.82	24.53	92 - 96	20	263	0.05	24.53
	97 - 01	25	363	0.42	23.97	97 - 01	25	336	1.02	23.97	97 - 01	25	310	0.07	23.97
	02	10	75	3.49	27.57	02 - 03	20	181	-	24.53	02 - 04	25	424	0.00	23.97
S 400A	92 - 96	7	51	24.49	30.50	92 - 96	7	44	0.06	30.50	92 - 96	5	37	0.00	33.99
	97 - 01	15	121	8.24	25.61	97 - 01	10	104	1.18	27.57	97 - 01	10	92	10.47	27.57
	02	4	22	10.67	36.90	02 - 03	7	59	1.97	30.50	02 - 04	10	110	5.59	27.57
S 400	87 - 91	3	3	-	40.47	87 - 91	0	-	-	40.47	87 - 91	0	-	-	-
	92 - 96	3	10	26.77	40.47	92 - 96	7	7	6.80	40.47	92 - 96	0	-	-	-
	97 - 01	7	42	-	30.50	97 - 01	5	34	-	33.99	97 - 01	5	29	16.66	33.99
	02	3	8	-	40.47	02 - 03	4	20	-	36.90	02 - 04	7	42	0.07	36.90

1/ First year failure, less than ten percent of sample group was over 2 percent fast.

2/ Second year failure

3/ First year failure, more than ten percent of sample group over 2 percent fast.