

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

January 09, 2009

RECEIVED

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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.

Attachment A is the Rate Summary Sheet (71<sup>st</sup> Revised Sheet No.3) showing the proposed natural gas rates, to be effective with service rendered February 1, 2009.

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 B 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 February 2009. The net effect of this filing is an increase of \$2.195 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 February 2009. The average cost of propane for all customers, adjusted for losses, is \$13.173 per dk.

The proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$18,400 during the month of February 2009. 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 December 31, 2008.

Montana-Dakota submitted a check for the amount of \$600.00 on December 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 January through December, 2009.

Please refer all inquiries regarding this filing to:

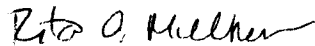
Ms. Rita A. Mulkern  
Regulatory Analysis Manager  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501

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,



Rita A. Mulkern  
Regulatory Analysis Manager

Attachments



**Attachment A**

**Rate Summary Sheet  
(Proposed)**



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
 400 N 4th Street  
 Bismarck, ND 58501

## State of North Dakota Gas Rate Schedule

NDPSC Volume 7  
 71st Revised Sheet No. 3  
 Canceling 70th Revised Sheet No. 3

### RATE SUMMARY SHEET

Page 1 of 2

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	COG Items	Total Rate/ Dk
Residential Rate 60	4	\$0.30 per day	\$0.812	\$7.344	\$8.156
Air Force Rate 64	7	\$1,000.00 per month \$135.00 per month			
Minot Air Force Base					
PAR Site					
Firm Service			\$0.138	\$7.344	\$7.482
Interruptible Service - PAR			\$0.120	\$5.949	\$6.069
Interruptible Service - MAFB			\$0.120	\$5.742	\$5.862
Firm General Service Rate 70	13	\$0.52 per day			
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$7.344	\$7.941
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$5.949	(Maximum) \$6.820
Optional Seasonal Gas Service Rate 72	15	\$0.52 per day			
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day			
Winter Gas Usage			\$0.597	\$7.426	\$8.023
Summer Gas Usage			\$0.597	\$6.501	\$7.098
Transportation Service	24	\$150.00 per month			
Small Interruptible Rate 81					
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.025	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.025	
Large Interruptible Gas Rate 85	27	\$675.00 per month	(Maximum) \$0.719	\$5.949	(Maximum) \$6.668
Residential Propane Rate 90	32	\$0.30 per day	\$0.812	\$13.571	\$14.383
Firm General Propane Rate 92	34	\$0.52 per day			
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$13.571	\$14.168

Date Filed: January 09, 2009

Effective Date:

Issued By: Donald R. Ball

Vice President - Regulatory Affairs

Case No.:

**Montana-Dakota Utilities Co.  
Market Conditions for Regional Propane  
February 2009**

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 January 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. An increase in energy prices, including crude oil, has resulted in a increase 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 FEBRUARY 2009**

**Cost of Gas - Propane:**

Current Propane Cost	\$13.173
Prior Propane Cost	<u>10.978</u>
Current Propane Cost Adjustment	<u><u>\$2.195</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**

\$2.195

Propane Cost Level	\$13.173
Plus: Surcharge	<u>0.406</u>
Total Propane Cost Level in Rates	<u><u>\$13.579</u></u>

**MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS - PROPANE  
NORTH DAKOTA  
EFFECTIVE FEBRUARY 2009**

Cost of Purchased Propane	\$110,161
Gallons Purchased	91,801
Projected dk Sales	8,400
Propane Cost per Dk	\$13.114
Average Cost of Propane as Adjusted for Losses @ 99.55%	13.173
Less: Propane Cost Level in Rates 1/	<u>10.978</u>
Current Propane Cost Adjustment	<u><u>\$2.195</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-08-922