

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

November 10, 2009

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

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PUBLIC SERVICE COMMISSION

Re: Cost of Gas Adjustment
(COG) Rate 88 and Rate 99
Case No. PU-09-____

In accordance with North Dakota Century Code Section 49-05-05, 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 (COG) – Propane change pursuant to the terms of Rate 99.

Montana-Dakota will not seek a cost of gas (COG) adjustment change for the month of December 2009. The COG Adjustment tariff (Rate 88), Section 2(b) provides that "Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 10 (ten) cents per dk." The COG adjustment for the month of December 2009 results in a change of less than 10 cents per dk, and therefore, in accordance with the authorized tariff, Montana-Dakota will not seek a COG adjustment change for the month of December 2009.

Attachment A is the Rate Summary Sheet (81st Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered December 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 December 2009. The net effect of this filing is an increase of \$3.294 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 2009. The average cost of propane for all customers, adjusted for losses, is \$12.625 per dk. This proposed adjustment, calculated in accordance with Rate 99, will amount to an

increase of approximately \$22,000 for propane customers during the month of December 2009. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 334 propane customers in North Dakota as of October 31, 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:

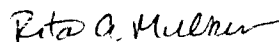
Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota submitted a check for the amount of \$1,200 in accordance with North Dakota Century Code Section 49-05-05 on January 9, 2009. This payment will cover the filing fee associated with the monthly COG filings for January through December, 2009.

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,



Rita A. Mulkern
Regulatory Analysis Manager

c: D. Kuntz

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
 81st Revised Sheet No. 3
 Canceling 80th 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	\$4.561	\$5.373
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$4.561	\$4.699
Interruptible Service - PAR			\$0.120	\$3.983	\$4.103
Interruptible Service - MAFB			\$0.120	\$4.140	\$4.260
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$4.561	\$5.158
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$3.983	(Maximum) \$4.854
Optional Seasonal Gas Service Rate 72	15				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day			
Winter Gas Usage			\$0.597	\$4.652	\$5.249
Summer Gas Usage			\$0.597	\$3.697	\$4.294
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.019	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.019	
Large Interruptible Gas Rate 85	27	\$675.00 per month	(Maximum) \$0.719	\$3.983	(Maximum) \$4.702
Residential Propane Rate 90	32	\$0.30 per day	\$0.812	\$12.067	\$12.879
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		\$0.52 per day			
Meters rated > 500 cubic feet		\$1.75 per day	\$0.597	\$12.067	\$12.664

Date Filed: December 10, 2009

Effective Date:

Issued By: Donald R. Ball

Vice President - Regulatory Affairs

Case No.:

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
December 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 November 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 an 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 DECEMBER 2009**

Cost of Gas - Propane:

Current Propane Cost (Exhibit D)	\$12.625
Prior Propane Cost	<u>9.331</u>
Current Propane Cost Adjustment	<u><u>\$3.294</u></u>

Surcharge Adjustment:

Current Adjustment	(\$0.547)
Prior Adjustment	<u>(0.547)</u>
Change in Surcharge Adjustment	\$0.000

Market Based Pricing Differential

Current Adjustment	(\$0.011)
Prior Adjustment	<u>(0.011)</u>
Change in Margin Sharing Provision	\$0.000

Net Increase (Decrease) in Gas Costs

\$3.294

Propane Cost Level	\$12.625
Plus: Surcharge	<u>(0.547)</u>
Total Propane Cost Level in Rates	<u><u>\$12.078</u></u>

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

Cost of Purchased Propane	\$83,829
Gallons Purchased	72,895
Projected dk Sales	6,670
Propane Cost per Dk	\$12.568
Average Cost of Propane as Adjusted for Losses @ 99.55%	12.625
Less: Propane Cost Level in Rates 1/	<u>9.331</u>
Current Propane Cost Adjustment	<u><u>\$3.294</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-09-683