



UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

June 10, 2010

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

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 July 2010. 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 July 2010 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 July 2010.

Attachment A is the Rate Summary Sheet (86th Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered July 1, 2010.

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 B 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 July 2010. The net effect of this filing is a decrease of \$1.098 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 July 2010. The average cost of propane for all customers, adjusted for losses, is \$10.978 per dk. This proposed adjustment, calculated in accordance with Rate 99, will amount to a decrease of approximately \$1,200 for propane customers during the month of July

2010. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 331 propane customers in North Dakota as of May 31, 2010.

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:

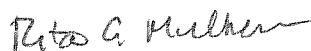
Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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.

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

Attachment

**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
 86th Revised Sheet No. 3
 Canceling 85th 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	\$4.617	\$5.429
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$4.617	\$4.755
Interruptible Service - PAR			\$0.120	\$4.033	\$4.153
Interruptible Service - MAFB			\$0.120	\$4.190	\$4.310
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	\$4.617	\$5.214
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$4.033	(Maximum) \$4.904
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	\$4.714	\$5.311
Summer Gas Usage			\$0.597	\$3.747	\$4.344
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	\$4.033	(Maximum) \$4.752
Residential Propane Rate 90	32	\$0.30 per day	\$0.812	\$11.428	\$12.240
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	\$11.428	\$12.025

Date Filed: June 10, 2010

Effective Date:

Issued By: Tamie A. Aberle
 Pricing & Tariff Manager

Case No.:

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
July 2010**

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 June 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. As seasonal usage declines, this 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 JULY 2010

Cost of Gas - Propane:

Current Propane Cost (Exhibit A)	\$10.978
Prior Propane Cost	<u>12.076</u>
Current Propane Cost Adjustment	<u><u>(\$1.098)</u></u>

Surcharge Adjustment:

Current Adjustment	\$0.461
Prior Adjustment	<u>0.461</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 (\$1.098)

Propane Cost Level \$10.978

Plus: Surcharge 0.461

Total Propane Cost Level in Rates \$11.439

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE JULY 2010

Cost of Purchased Propane	\$12,022
Gallons Purchased	12,022
Projected dk Sales	1,100
Propane Cost per Dk	\$10.929
Average Cost of Propane as Adjusted for Losses @ 99.55%	10.978
Less: Propane Cost Level in Rates 1/	<u>12.076</u>
Current Propane Cost Adjustment	<u><u>(\$1.098)</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-10-8