



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

September 13, 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-10-____

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) change pursuant to the terms of Rates 88 and 99.

Attachment A is the Rate Summary Sheet (89th Revised Sheet No. 3) showing the proposed natural gas and propane rates, to be effective with service rendered October 1, 2010.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has decreased \$1.029 per dk since the last filing due to a decrease in the overall market price of gas. Attachment B explains the reasons for the decrease in the market price of gas. There has also been a change in pipeline rates, as shown on Attachment C, increasing the cost of gas \$0.017 per dk. In addition, this filing reflects the annual change in the surcharge adjustment, which is an increase of \$0.492 per dk for residential and firm general service customers. The market based pricing differential credit decreased by \$0.003 per dk resulting in a decrease of \$0.517 per dk for residential and firm general customers.

The COG tariff sheet, Exhibit A page 1, summarizes the gas cost adjustment, calculated pursuant to the terms of Rate 88, and the surcharge adjustment and market based pricing differential provision that will apply during the month of October 2010.

The net effect of this filing, calculated pursuant to the terms of Rate 88, is a decrease of \$0.517 per dk for residential and firm general service customers, a decrease of \$0.869 per dk for small and large interruptible customers and a decrease of \$0.999 per dk for Air Force interruptible customers from the currently effective rates.

Exhibit B shows the calculation of the current gas cost adjustment that will be applicable to Montana-Dakota's customers for the month of October 2010. The average cost of gas for firm customers, adjusted for losses, is \$4.321.

Exhibit C shows the calculation of the return on storage inventory balances and prepaid demand and commodity balances using the calculation procedure set forth in Rate 88. The overall rate of return of 8.791% was authorized by the Commission in Case No. PU-04-97.

Exhibit D shows the calculation of the surcharge adjustment that will apply during the period October 1, 2010 through September 30, 2011. The total surcharge is a negative \$0.023 per dk for residential and general service customers, a negative \$0.010 per dk for small and large interruptible customers and \$0.031 per dk for the Air Force, or an increase of \$0.492 per dk for residential and general service customers, an increase of \$0.142 per dk for small and large interruptible customers and an increase of \$0.007 per dk for the Air Force from the adjustment effective October 1, 2009.

Exhibit E shows the calculation of the interruptible market based pricing differential pursuant to the terms of Rate 88. Fifty percent of the non-gas commodity revenues received from small and large interruptible sales in excess of the authorized level are credited to residential and firm general service customers through the COG. A credit of \$0.008 per dk will be applicable to all residential and general service customers for the period October 1, 2010 through September 30, 2011. This reflects a increase of \$0.003 per dk to customers from the current adjustment.

Montana-Dakota will not seek a Cost of Gas – Propane (COG) adjustment change for the month of October 2010. The Purchased Propane Cost Adjustment tariff (Rate 99), Section 2(b) provides that "Montana-Dakota shall file an adjustment to reflect changes in its average cost of propane supply only when the amount of such adjustment is at least 10 (ten) cents per dk." The COG adjustment for the month of October 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 purchased propane cost adjustment change.

This proposed adjustment, calculated in accordance with Rate 88, will amount to a decrease of approximately \$289,600 for natural gas customers during the month of October 2010. All of Montana-Dakota's retail natural gas customers in North Dakota may be affected by this proposal. There were 92,310 natural gas customers in North Dakota as of August 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:

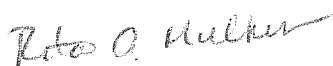
Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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 this 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

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
 89th Revised Sheet No. 3
 Canceling 88th 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	\$4.290	\$5.102
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$4.290	\$4.428
Interruptible Service - PAR			\$0.120	\$3.376	\$3.496
Interruptible Service - MAFB			\$0.120	\$3.402	\$3.522
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	\$4.290	\$4.887
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$3.376	(Maximum) \$4.247
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	\$4.385	\$4.982
Summer Gas Usage			\$0.597	\$3.435	\$4.032
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.015	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.015	
Large Interruptible Gas Rate 85	27	\$675.00 per month	(Maximum) \$0.719	\$3.376	(Maximum) \$4.095
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: September 13, 2010

Effective Date:

Issued By: Tamie A. Aberle
 Pricing & Tariff Manager

Case No.:

**Montana-Dakota Utilities Co.
Market Conditions for Regional Natural Gas**

October 2010

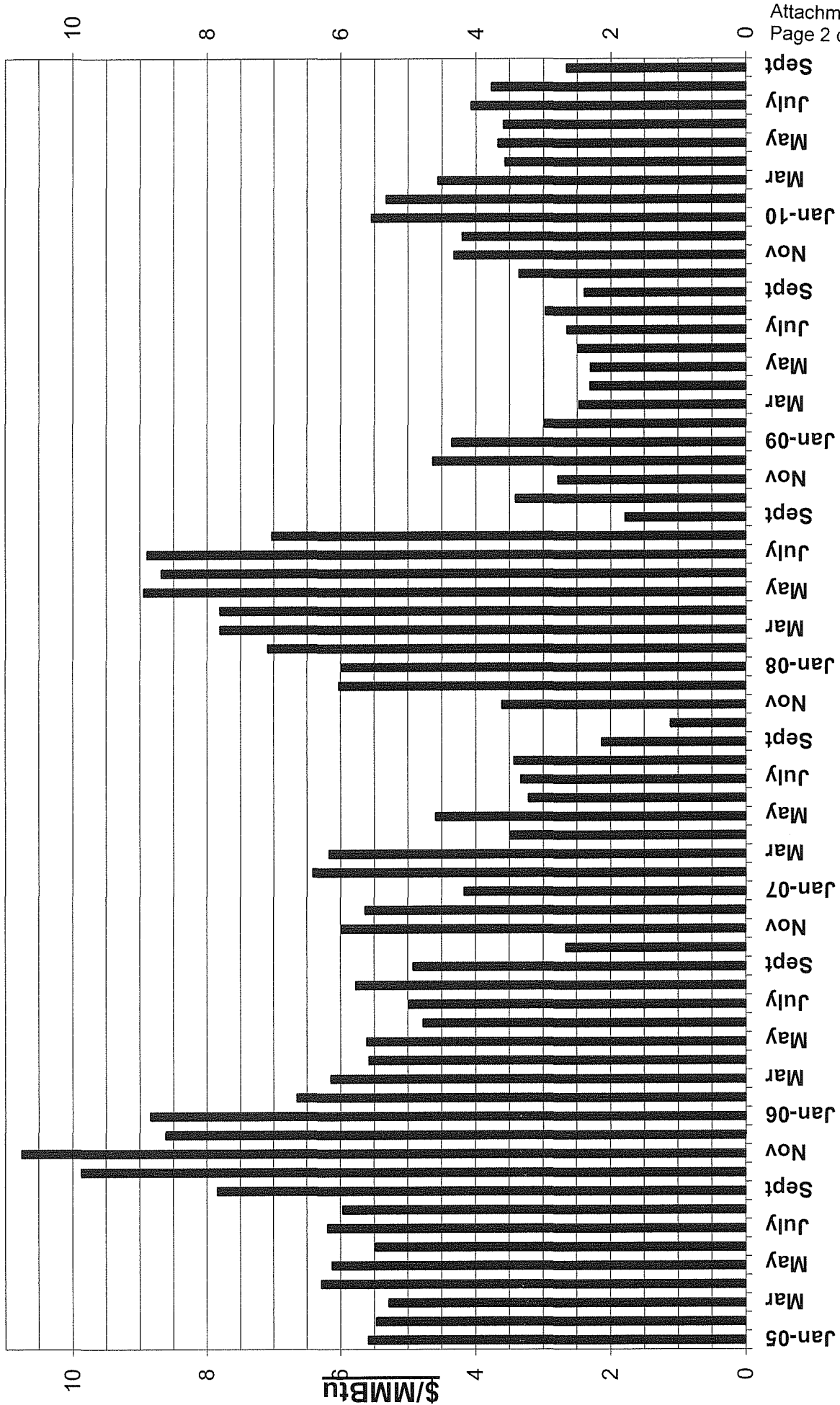
The established monthly price for the Rocky Mountain CIG Index decreased from the previous month. The CIG Rocky Mountain Index is based on a price discovery survey by several natural gas periodicals, including "Inside FERC Gas Market" report and "Gas Daily" by McGraw-Hill Companies, of prices paid by willing sellers and buyers of quantities of gas in that region. That price is reflective of natural gas prices in the Rocky Mountain region and indicative of the supplies Montana-Dakota purchases for its requirements.

The domestic supply remaining strong, moderating temperatures midway through the month of August which required less cooling demand and the lack of hurricane activity in the Gulf of Mexico were likely factors in the decrease in natural gas prices. The Energy Information Administration (EIA) reported storage levels nationwide as of August 27, 2010 were 5.8 percent above the five-year average and 6.3 percent below last year's record storage balance.

The EIA provides various publications on energy issues. The information is available on their website: <http://www.eia.doe.gov>.

The December Short-Term Energy Outlook specific to natural gas prices, supply and demand is provided as pages 3 through 14.

CIG Rocky Mountains Index Monthly Gas Prices 2005-2010YTD



Month/Year

From Inside F.E.R.C.'s Gas Market Report

Annual Averages: - 2008-\$6.24; 2009-\$3.07; 2010YTD - \$4.08



September 2010

Short-Term Energy Outlook

September 8, 2010 Release

Highlights

- These projections reflect updated expectations for economic activity, with forecasted U.S. real gross domestic product (GDP) growth of 2.8 percent in 2010 and 2.3 percent in 2011, down from the previous *Outlook's* growth projections of 3.1 and 2.7 percent for 2010 and 2011, respectively. The 2011 world oil-consumption-weighted real GDP growth rate is also lowered, to 3.3 percent from the 3.6 percent level in last month's *Outlook*.
- EIA projects that the West Texas Intermediate (WTI) spot price, which averaged \$77 per barrel in August, will average \$77 per barrel in the fourth quarter of 2010 and \$82 per barrel in 2011, slightly below the forecasts in last month's *Outlook*.
- EIA expects that regular-grade motor gasoline retail prices, which averaged \$2.35 per gallon last year, will average \$2.69 per gallon over the second half of 2010, down 7 cents per gallon from the average for the first half of the year. In 2011, higher projected crude oil prices combined with strengthening refiner margins are expected to boost annual average motor gasoline prices to \$2.90 per gallon.
- The projected Henry Hub natural gas spot price averages \$4.54 per million Btu (MMBtu) for 2010, a \$0.60-per-MMBtu increase over the 2009 average, but down \$0.15 per MMBtu from the forecast in last month's *Outlook*. EIA expects the Henry Hub spot price will average \$4.76 per MMBtu in 2011, down \$0.22 per MMBtu from last month's *Outlook*.
- The annual average residential electricity price increases only moderately over the forecast period, averaging 11.6 cents per kilowatthour (kWh) in 2010, compared with 11.5 cents per kWh in 2009, and rising to 11.9 cents per kWh in 2011. These projections are virtually unchanged from the previous *Outlook*.

- Estimated U.S. carbon dioxide (CO₂) emissions from fossil fuels, which declined by 6.9 percent in 2009, are expected to increase by 3.6 percent in 2010. In 2011, projected CO₂ emissions increase by a further 0.4 percent as the expected milder summer reduces electricity use. However, even with these increases, CO₂ emissions remain below their level in any year from 1999 through 2008.

Global Crude Oil and Liquid Fuels

Crude Oil and Liquid Fuels Overview. For the third month in a row, EIA's view of the world oil market remains largely unchanged. Despite a slight reduction in forecast global demand growth and the drop in world oil prices in recent weeks, the projected gradual reduction in global oil inventories over the forecast period should lend support to firming oil prices. World oil prices are expected to rise slowly as global economic growth leads to higher global oil demand, growth in non-OPEC oil supply slows in 2011, and members of the Organization of the Petroleum Exporting Countries (OPEC) continue to support world oil prices.

Global Crude Oil and Liquid Fuels Consumption. EIA projects world oil consumption growth of 1.6 million barrels per day (bbl/d) in 2010. Countries outside of the Organization for Economic Cooperation and Development (OECD), especially China, the Middle East countries, and Brazil, represent most of the expected growth in world oil consumption ([World Liquid Fuels Consumption Chart](#)). Projected global oil consumption growth in 2011 is 1.4 million bbl/d, down slightly from the previous *Outlook* due to lower GDP forecast growth.

Non-OPEC Supply. EIA projects non-OPEC oil supply will increase by 0.7 million bbl/d in 2010 with the growth coming mainly from the United States, Brazil, and the former Soviet Union. Forecasted non-OPEC supply falls by 160,000 bbl/d in 2011, primarily because of declining total North Sea production and lower supply originating in the former Soviet Union, particularly Russia. This would be only the third time in the last 15 years that non-OPEC supplies fail to grow year-over-year, following non-OPEC production declines in 2005 and 2008, which were primarily the result of supply disruptions in the Gulf of Mexico.

OPEC Supply. EIA expects OPEC crude oil production to rise slightly through 2011 to accommodate increasing world oil demand and to maintain OPEC market objectives. OPEC crude oil production is projected to increase by 0.3 and 0.5 million bbl/d in 2010 and 2011, respectively, with non-crude petroleum liquids expected to increase by 0.6 million bbl/d in 2010 and 0.7 million bbl/d in 2011. OPEC surplus capacity should

remain near 5 million bbl/d compared with 4.3 million in 2009 and 1.5 million in 2008 (OPEC Surplus Crude Oil Production Capacity Chart).

OECD Petroleum Inventories. Commercial inventories held by OECD countries stood at an estimated 2.75 billion barrels at the end of the second quarter of 2010, equivalent to about 61 days of forward cover, and roughly 95 million barrels more than the 5-year average for the corresponding time of year (Days of Supply of OECD Commercial Stocks Chart). OECD oil inventories decline throughout the forecast period, although days-forward-cover should remain high by historical standards.

Crude Oil Prices. WTI crude oil spot prices averaged about \$77 per barrel in August 2010, very close to the July average, but \$3 per barrel lower than projected in last month's *Outlook*. WTI spot prices averaged almost \$82 per barrel over the first 10 days of August but then fell by \$9 per barrel over the next 2 weeks as the market reacted to a series of reports of a stumbling economic recovery. EIA has lowered the average fourth quarter 2010 forecasted WTI spot price to \$77 per barrel, compared with \$81 per barrel in last month's *Outlook*. WTI spot prices are projected to rise to \$84 per barrel by the end of next year (West Texas Intermediate Crude Oil Price Chart).

Energy price forecasts are highly uncertain, as history has shown (Energy Price Volatility and Forecast Uncertainty). WTI futures for November 2010 delivery for the 5-day period ending September 2 averaged \$75 per barrel, and implied volatility averaged 32 percent. This made the lower and upper limits of the 95-percent confidence interval \$61 and \$94 per barrel, respectively, for WTI delivered November 2010. Last year at this time, WTI for November 2009 delivery averaged \$70 per barrel, and implied volatility averaged 47 percent, with the limits of the 95-percent confidence interval at \$51 and \$96 per barrel.

U.S. Crude Oil and Liquid Fuels

U.S. Liquid Fuels Consumption. Projected total liquid fuels consumption grows by 160,000 bbl/d (0.8 percent) in 2010, and 130,000 bbl/d (0.7 percent) in 2011 as all of the major petroleum products register consumption growth (U.S. Liquid Fuels Consumption Growth Chart). This reverses the trend of falling consumption during 2006-2009. A year-over-year decline in total liquid fuels consumption averaging 40,000 bbl/d in the first quarter of 2010 was followed by a year-over-year rise averaging 440,000 bbl/d in the second quarter of 2010, led by increases in motor gasoline and distillate fuel oil consumption. During 2010 as a whole, gasoline consumption is projected to increase by 0.3 percent and distillate consumption is projected to grow by 2.0 percent. Projected gasoline consumption growth increases to

0.8 percent in 2011 while distillate fuel consumption growth moderates to 0.7 percent. Jet fuel consumption grows at an average annual rate of about 0.7 percent through 2011.

U.S. Liquid Fuels Supply and Imports. Domestic crude oil production, which increased by 410,000 bbl/d in 2009, is projected to increase by 70,000 bbl/d in 2010 ([U.S. Crude Oil Production Chart](#)). Crude oil production shut in by hurricanes during June, July, and August averaged 47,000 bbl/d, about half of EIA's original forecast of 96,000 bbl/d for those 3 months. Forecast total domestic crude oil production rises by 10,000 bbl/d to 5.44 million bbl/d in 2011. That projection includes a 120,000 bbl/d decline in the federal Gulf of Mexico (GOM) and a 150,000 bbl/d increase in lower-48 non-GOM production next year. These projections reflect EIA's estimates of an average reduction in crude oil output of about 82,000 bbl/d in 2011 resulting from the current 6-month moratorium on deepwater drilling. Projected ethanol production, which averaged 710,000 bbl/d in 2009, increases to an average of 850,000 bbl/d in 2010 and 880,000 bbl/d in 2011.

EIA forecasts that liquid fuel net imports (including both crude oil and refined products), which fell from 57 percent to 51 percent of total U.S. consumption between 2008 and 2009, will average about 50 percent of total consumption in 2010 and 2011.

U.S. Petroleum Product Prices. Projected regular-grade gasoline retail prices rise from an average \$2.35 per gallon in 2009 to an average \$2.72 per gallon in 2010 and \$2.90 per gallon in 2011. Forecast regular-grade pump prices average \$2.76 per gallon this summer, an increase of 33 cents from last summer. On-highway diesel fuel retail prices, which averaged \$2.46 per gallon in 2009, average \$2.93 per gallon in 2010 and \$3.10 in 2011 in this forecast. Refining margins, which have been at their lowest levels since 2003, are projected to average about \$2 per barrel higher next year because of growing global product demand and shutdowns of excess global refining capacity.

Natural Gas

U.S. Natural Gas Consumption. EIA expects total natural gas consumption will increase by 4.0 percent from 2009 levels to 65.0 billion cubic feet per day (Bcf/d) in 2010 and then remain relatively flat in 2011 ([Total U.S. Natural Gas Consumption Growth Chart](#)). The power generation and industrial sectors account for the bulk of the projected increase in consumption in 2010 over 2009.

Projected consumption of natural gas for power generation grows by nearly 1.3 Bcf/d to 20.2 Bcf/d in 2010. The use of natural gas for electric power generation surged this year because of the 23 percent increase in U.S. cooling degree- days, resulting in an

over 300 Bcf (11 percent) increase in natural gas consumption in the power generation sector over the last 4 months compared with the same period last year. Projected natural gas consumption in the power generation sector falls by 0.4 Bcf/d (2.0 percent) next year because of the expected return to near-normal summer temperatures.

Projected use of natural gas in the industrial sector also grows significantly in 2010, increasing by 6.4 percent, from 16.8 Bcf/d in 2009 to 17.9 Bcf/d in 2010. Forecasted industrial-sector consumption growth slows to 1.2 percent in 2011 as the projected increase in the natural-gas-weighted industrial production index slows from 7.0 percent in 2010 to 2.1 percent in 2011.

U.S. Natural Gas Production and Imports. EIA predicts total marketed natural gas production will increase by 1.2 Bcf/d (2.1 percent) to 61.2 Bcf/d in 2010. Projected production declines gradually in 2011, falling by 1.2 Bcf/d (1.9 percent) as relatively low prices depress drilling activity.

A total of 7.9 Bcf of natural gas production was shut in because of hurricanes during June, July, and August, compared with EIA's original projection of 57.4 Bcf for those 3 months. Nevertheless, the next 2 months are typically the height of the hurricane season and additional outages are included in this forecast. Based on the latest NOAA hurricane forecast, during the final 3 months of the hurricane season this forecast includes 66.3 Bcf in outages with almost two-thirds of that total occurring in September.

EIA forecasts gross pipeline imports of 9.2 Bcf/d in 2010, an increase of 1.3 percent from 2009. Forecasted imports of liquefied natural gas (LNG) average 1.25 Bcf/d in 2010 and 1.32 Bcf/d in 2011. Low U.S. prices have discouraged imports, and ample domestic natural gas production has reduced the need for large quantities of LNG despite significantly higher consumption.

U.S. Natural Gas Inventories. On August 27, working natural gas in storage was 3,106 Bcf ([U.S. Working Natural Gas in Storage Chart](#)), which is 208 Bcf less than the previous year's level and 169 Bcf greater than the 5-year (2005-2009) average. Weekly U.S. natural gas inventory builds this year have fallen below last year's builds in 16 of the last 18 weeks. This was primarily the result of the very warm summer and the resulting increase in natural gas consumption in the power generation sector. EIA expects working gas inventories in the United States to total 3,687 Bcf at the end of the injection season, about 3 percent below the record level reached at the end of the injection season last year.

U.S. Natural Gas Prices. The Henry Hub spot price averaged \$4.32 per MMBtu in August, \$0.31 per MMBtu lower than the average spot price in July ([Henry Hub Natural Gas Price Chart](#)). EIA expects prices will fall below \$4 per MMBtu in September and October before rebounding at the onset of colder weather. EIA now expects prices will average \$4.76 per MMBtu in 2011; this is a downward revision from the \$4.98 per MMBtu forecast in last month's *Outlook*.

Uncertainty over future natural gas prices is lower this year compared with last year at this time. Natural gas futures for November 2010 delivery for the 5-day period ending September 2 averaged \$4.07 per MMBtu, and the average implied volatility over the same period was 48 percent. This produced lower and upper bounds for the 95-percent confidence interval of \$2.84 and \$5.83 per MMBtu, respectively. At this time last year, the natural gas November 2009 futures contract averaged \$3.89 per MMBtu and implied volatility averaged 75 percent. The corresponding lower and upper limits of the 95-percent confidence interval were \$2.22 and \$6.81 per MMBtu.

Electricity

U.S. Electricity Consumption. During the first half of 2010, total consumption of electricity rose an estimated 4.2 percent compared with the first half of last year. Growth during the second half is projected to be slightly higher, rising 5.2 percent compared with the same period in 2009. High temperatures during July and August have pushed up sales of electricity in the residential and commercial sectors, especially in the Midwest and Northeast. Projected electricity sales to the industrial sector increase by 6 percent in 2010, but growth slows to 0.2 percent next year as expected growth in industrial output moderates. Total forecast consumption of electricity falls slightly in 2011 since summer temperatures are forecast to return to near-normal levels ([U.S. Total Electricity Consumption Chart](#)).

U.S. Electricity Generation. Total U.S. electric-power-sector generation grew by about 3 percent during the first half of this year compared with the same period in 2009. Generation from coal increased by 6.1 percent, and natural gas generation increased by 4.7 percent. Hydropower output declined by nearly 8 percent as water runoff in the Pacific Northwest was low this spring compared with last year. Some areas of the United States set hourly peak load records during July and August and much of this peak demand was fueled by natural gas, boosting projected year-over-year growth in natural gas generation during the second half of 2010 to over 8 percent.

U.S. Electricity Retail Prices. Overall, the average U.S. residential electricity price was down slightly during the first half of 2010 compared with the first half of 2009 in response to lower fuel costs for generating power. The largest price declines occurred

in New England (-7.7 percent) and the West South Central region (-5.3 percent). In contrast, residential prices in the Middle Atlantic region were up 6.2 percent during the first half of the year as some of the price caps in Pennsylvania began to expire. Generation fuel costs have increased this year, which is expected to boost U.S. residential electricity prices by about 2.1 percent in the second half of 2010 compared with the same period last year, and by 2.4 percent during 2011 ([U.S. Residential Electricity Prices Chart](#)).

Coal

U.S. Coal Consumption. Projected coal consumption in the electric power sector increases by 6.2 percent in 2010 because of the warm summer weather and associated increase in electricity generation. With a small projected decline (0.4 percent) in electricity consumption in 2011, coal-fired electricity generation and related coal consumption are projected to decline at a slightly higher rate (0.8 percent), primarily because of forecasted increases in nuclear and renewable-based electricity generation ([U.S. Coal Consumption Growth Chart](#)).

U.S. Coal Supply. Drawdowns in both producer and end-user inventories ([U.S. Electric Power Sector Coal Stocks Chart](#)) are forecasted to meet the increased coal consumption in 2010. Consequently, projected coal production falls by 0.3 percent in 2010. EIA forecasts a 1.8-percent increase in coal production in 2011 ([U.S. Annual Coal Production Chart](#)).

U.S. Coal Trade. U.S. coal gross imports and gross exports fell by 34 percent and 28 percent in 2009, respectively. Forecast coal exports will grow by 25 percent in 2010, driven in part by rising demand for metallurgical coal. Forecast coal exports in 2011 are relatively unchanged from 2010 levels. Metallurgical coal currently constitutes a larger share of the U.S. coal export market than steam coal.

EIA projects coal imports to decline an additional 15 percent in 2010 as increased consumption is met by draws on domestic inventories. Projected coal imports grow by 35 percent in 2011, but the annual tonnage (26 million short tons) remains significantly below the 2005-through-2008 average of 34 million short tons.

U.S. Coal Prices. The 2009 delivered electric-power-sector coal price increased by 6.7 percent despite decreases in spot coal prices, lower prices for other fossil fuels, and declines in coal-fired electricity generation. This higher cost of delivered coal reflected the impacts of longer-term power-sector coal contracts initiated during a period of high prices and rising transportation costs. The projected electric-power-

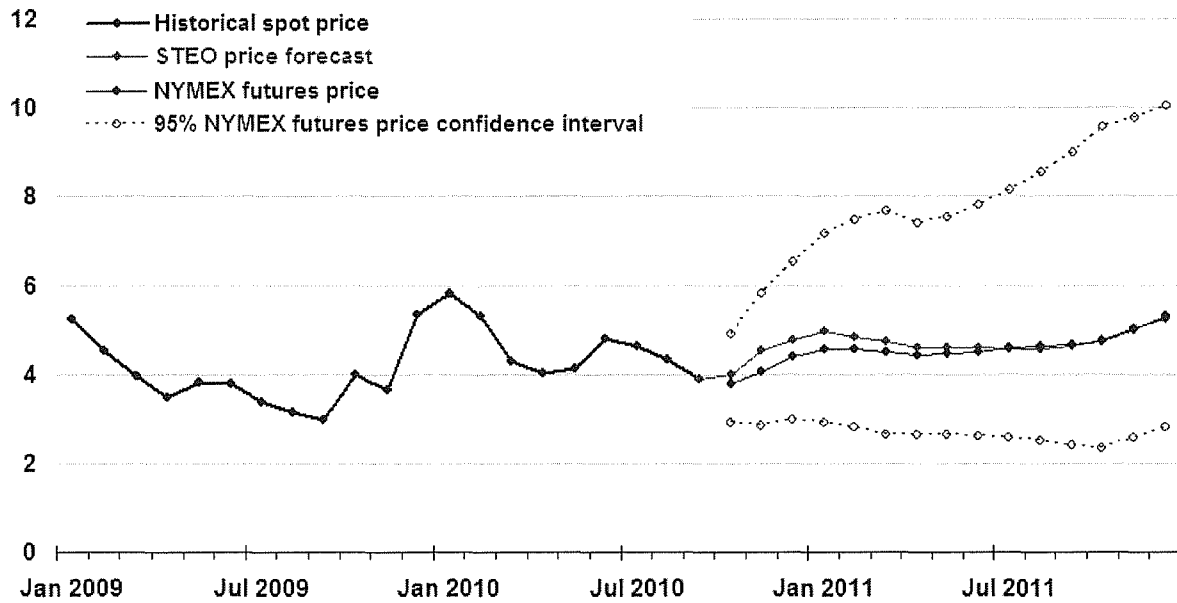
sector delivered coal price increases by 1.7 percent to average \$2.25 per MMBtu in 2010, and then declines to an average of \$2.19 per MMBtu in 2011.

U.S. Carbon Dioxide Emissions

Forecasted economic growth combined with increased use of coal and natural gas is expected to contribute to increases in fossil-fuel CO₂ emissions of 3.6 percent in 2010 ([U.S. Carbon Dioxide Emissions Growth Chart](#)). Projected coal-related CO₂ emissions increase by 6.8 percent in 2010 primarily because of increased electricity sector coal usage. Higher natural gas consumption in the industrial and electric power sectors is expected to lead to a 4.3-percent increase in CO₂ emissions from natural gas. Demand for petroleum in the transportation sector (motor gasoline, diesel fuel, and jet fuel) combined with continued industrial sector fossil fuel demand growth contribute to the projected 0.4-percent increase in fossil-fuel CO₂ emissions in 2011. However, even with these increases, projected CO₂ emissions in 2010 and 2011 remain below their level in any year from 1999 through 2008.

Henry Hub Natural Gas Price

dollars per million btu

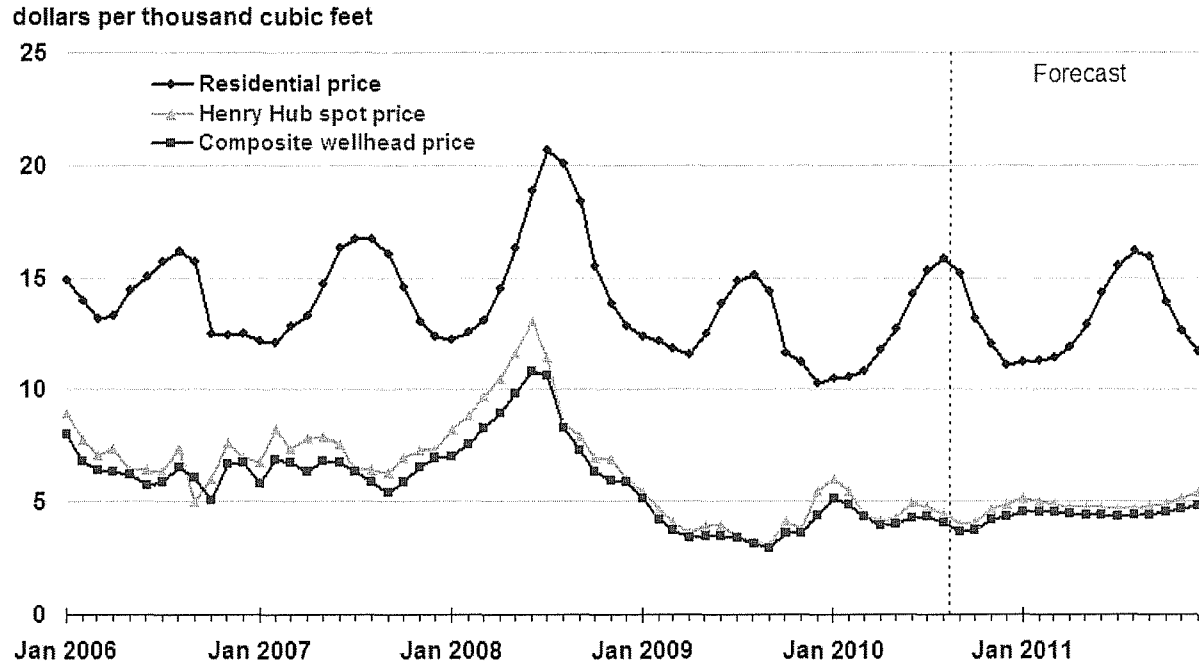


Note: Confidence interval derived from options market information for the 5 trading days ending September 2, 2010
Intervals not calculated for months with sparse trading in "near-the-money" options contracts



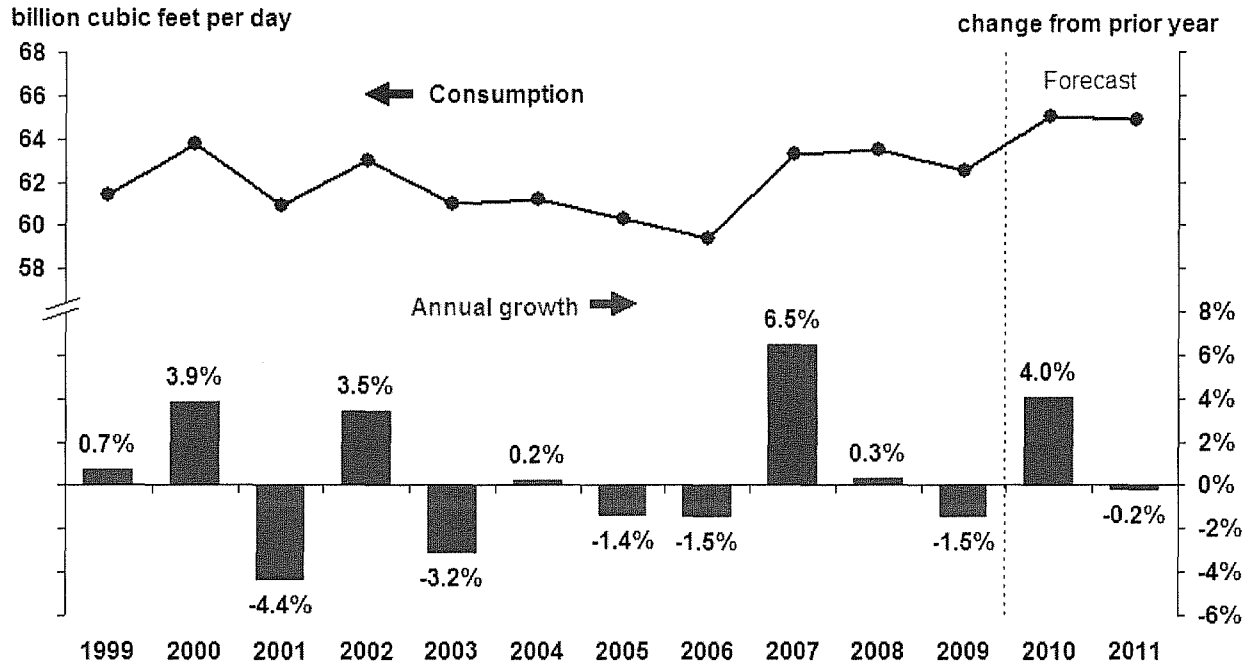
Source: Short-Term Energy Outlook, September 2010; Reuters News Service; and CME Group

Natural Gas Prices

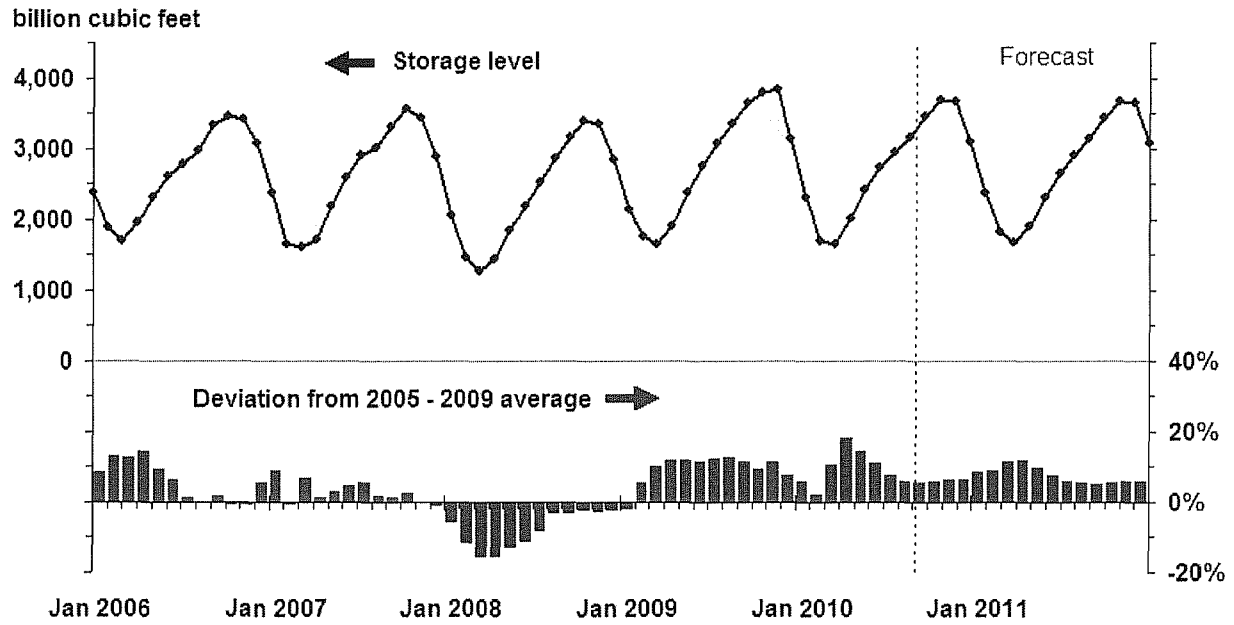


Source: Short-Term Energy Outlook, September 2010; Reuters News Service

U.S. Total Natural Gas Consumption



U.S. Working Natural Gas in Storage



Note: Colored band around storage levels represents the range between the minimum and maximum from Jan. 2005 - Dec. 2009

Source: Short-Term Energy Outlook, September 2010



**Montana-Dakota Utilities Co.
Pipeline Rate Changes Since Last Annual COG
North Dakota**

Nova Gas Transmission LTD.

On November 16, 2009, TransCanada filed new rates for the Alberta System with the Alberta Energy and Utilities Board to be effective January 1, 2010.

Approximate impact on Montana-Dakota's cost of gas – 0.003 cents per dk

Foothills Pipe Lines Ltd.

On November 30, 2009, TransCanada filed new rates for the Foothills Pipe Lines Ltd. System with the National Energy Board to be effective January 1, 2010.

Approximate impact on Montana-Dakota's cost of gas – (0.001) cents per dk

NorthWestern Energy – Docket No. D2009.12.155

On December 11, 2009, NorthWestern Energy filed with the Montana Public Service Commission (Commission) to change its rates to reflect changes in state and local taxes and fees and to track these changes such that the actual level of taxes and fees is recovered. On December 24, 2009, the Commission approved the increase in rates to be effective with service rendered on or after January 1, 2010 in Order No. 7057.

Approximate impact on Montana-Dakota's cost of gas – 0.0 cents per dk

Williston Basin Interstate Pipeline Company Docket No. RP10- 439-000

On March 1, 2010, Williston Basin filed its semi-annual fuel and electric power reimbursement adjustment with the FERC in Docket No. RP10-439-000, reflecting revisions to the fuel and electric power components of Williston Basin's transportation and storage rates to be effective April 1, 2010.

Approximate impact on Montana-Dakota's cost of gas – (5.3) cents per dk

Foothills Pipe Lines Ltd

On June 9, 2010, TransCanada filed new rates for the Foothills Pipe Lines Ltd. System with the National Energy Board to be effective July 1, 2010.

Approximate impact on Montana-Dakota's cost of gas – 0.000 cents per dk

NorthWestern Energy

On October 16, 2009, NorthWestern Energy filed an Application for Authority to Establish Increased Natural Gas Rates with the Montana Public Service Commission. On July 8, 2010, the Montana Public Service Commission approved Interim rates in Docket No. D2009.9.129 Order No. 7046g effective July 8, 2010.

Approximate impact on Montana-Dakota's cost of gas – 0.001 cents per dk

Williston Basin Interstate Pipeline Company Docket No. RP10-1140-000

On August 31, 2010, Williston Basin filed with the FERC its semi-annual fuel and electric power reimbursement adjustment reflecting revisions to the fuel and electric power components of Williston Basin's transportation and storage rates to be effective October 1, 2010.

Approximate impact on Montana-Dakota's cost of gas – 0.017 cents per dk

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS TARIFF SHEET
NORTH DAKOTA GAS
EFFECTIVE OCTOBER 2010

	Firm		Small & Large Interruptible	Air Force Interruptible
	Residential & General Service	Optional Seasonal		
<u>Gas Cost Adjustment:</u>				
Gas Cost Level (Exhibit B)	\$4.321	\$4.416	\$3.386	\$3.371
Prior Gas Cost	<u>5.333</u>	<u>4.478</u>	<u>4.397</u>	<u>4.377</u>
Current Gas Cost Adjustment	(\$1.012)	(\$0.062)	(\$1.011)	(\$1.006)
<u>Surcharge Adjustment:</u>				
Current Adjustment (Exhibit E)	(\$0.023)	(\$0.023)	(\$0.010)	\$0.031
Prior Adjustment	<u>(0.515)</u>	<u>(0.515)</u>	<u>(0.152)</u>	<u>0.024</u>
Change in Surcharge Adjustment	\$0.492	\$0.492	\$0.142	\$0.007
<u>Market Based Pricing Differential</u>				
Current Adjustment	(\$0.008)	(\$0.008)	\$0.000	\$0.000
Prior Adjustment	<u>(0.011)</u>	<u>(0.011)</u>	<u>0.000</u>	<u>0.000</u>
Change in Margin Sharing Provision	\$0.003	\$0.003	\$0.000	\$0.000
Net Increase (Decrease) in Gas Costs	<u>(\$0.517)</u>	<u>\$0.433</u>	<u>(\$0.869)</u>	<u>(\$0.999)</u>
Gas Cost Level	\$4.321	\$4.416	\$3.386	\$3.371
Plus: Surcharge	<u>(0.023)</u>	<u>(0.023)</u>	<u>(0.010)</u>	<u>0.031</u>
Total Gas Cost Level in Tariff Rates	<u>\$4.298</u>	<u>\$4.393</u>	<u>\$3.376</u>	<u>\$3.402</u>

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
RESIDENTIAL AND GENERAL SERVICE
EFFECTIVE OCTOBER 2010**

	Amount
Total Gas Costs 1/	\$58,543,593
Residential and General Service dk Requirements 2/	13,609,218
Average Cost of Gas per dk	\$4.302
Average Cost of Gas as Adjusted for Losses @ 99.55%	4.321
Less: Gas Cost Level in Rates 3/	5.333
Current Gas Cost Adjustment	(\$1.012)

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -14 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C.

2/ Normalized dk sales for the twelve months ended July 31, 2010, adjusted for losses at .45%

3/ Gas Cost Level in Current Tariff Rates Case No. PU-10-8:

Cost of Purchased Gas	\$5.309
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$5.333

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
OPTIONAL SEASONAL - RATE 72
EFFECTIVE OCTOBER 2010**

<u>Summer - June - September</u>	
Total Gas Costs 1/	\$58,543,593
Less: Annual MDDQ Costs 1/	<u>11,592,671</u>
Total Gas Costs excluding MDDQ	\$46,950,922
Firm Service Requirements 1/	13,609,218
Other Gas Costs per Dk (excluding MDDQ)	\$3.450
Summer Seasonal Rate, adjusted for losses 2/	3.466
<u>Winter - October - May</u>	
Annual MDDQ Costs 1/	\$11,592,671
Winter Firm Service Requirements	12,260,067
MDDQ Costs per Winter Dk	\$0.946
Add: Other Gas Costs per Dk	<u>3.450</u>
Winter Seasonal Rate	4.396
Winter Seasonal Rate, adjusted for losses 2/	\$4.416
Less: Gas Cost Level in Rates 3/	<u>4.478</u>
Current Gas Cost Adjustment	<u><u>(\$0.062)</u></u>

1/ Exhibit B, page 1.

2/ Loss factor of .45%.

3/ Gas Cost Level in Current Tariff Rates Case No. PU-10-8:

	<u>Summer</u>	<u>Winter</u>
Cost of Purchased Gas	\$4.458	\$5.403
Adjustment for Distribution Losses	0.9955	0.9955
Gas Cost Level in Base Tariff Rates	\$4.478	\$5.427

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
INTERRUPTIBLE
EFFECTIVE OCTOBER 2010**

	Amount
Total Gas Costs 1/	\$11,806,099
Interruptible Service dk Requirements	3,502,739
Average Cost of Gas per dk	\$3.371
Average Cost of Gas as Adjusted for Losses @ 99.55%	3.386
Less: Gas Cost Level in Rates 2/	4.397
Current Gas Cost Adjustment	(\$1.011)

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -14 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C.

2/ Gas Cost Level in Current Tariff Rates Case No. PU-10-8:

Cost of Purchased Gas	\$4.377
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$4.397

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
EFFECTIVE OCTOBER 2010

	<u>Amount</u>
Total Gas Costs 1/	\$2,966,052
Air Force Interruptible dk Requirements	880,000
Average Cost of Gas per dk	\$3.371
Less: Gas Cost Level in Rates 2/	<u>4.377</u>
Current Gas Cost Adjustment	<u><u>(\$1.006)</u></u>

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -14 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C, allocated to Air Force interruptible on MDDQ.

2/ Gas Cost Level in Current Tariff Rates Case No. PU-10-8:
Cost of Purchased Gas \$4.377

**Montana-Dakota Utilities Co.
Schedule of Applicable Effective Pipeline Rates
October 2010 PGA**

Williston Basin Interstate Pipeline Company - Exhibit B, pages 6 - 8 for Schedules FT-1, FTN-1, and FS-1.

Northern Border Pipeline Company – Exhibit B, pages 9-10 for Schedule T-1.

Foothills Pipe Lines, Ltd. - Billed on a cost of service basis so there are no tariff sheets.

NOVA Gas Transmission – Exhibit B, page 11 for Schedule FT-D.

NorthWestern Energy – Exhibit B, page 12 for Schedule T-FTG-1.

South Dakota Intrastate Pipeline – Exhibit B, page 13 for Rate 1.

SourceGas Distribution LLC – Exhibit B, Page 14 for Schedule TC.

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES

RATE SCHEDULE FT-1						

RESERVATION CHARGE						
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)						
MAXIMUM	RATE PER EQV. DKT PER MO.	737.928	N.A.	N.A.	N.A.	737.928
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
COMMODITY CHARGE						
MAXIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310
MINIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310
SCHEDULED OVERRUN CHARGE						
MAXIMUM A/B/	RATE PER DKT	30.884	0.190	N.A.	N.A.	31.074
MINIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310
VOLUMETRIC CAPACITY RELEASE CHARGE						
MAXIMUM	RATE PER DKT	24.261	N.A.	N.A.	N.A.	24.261
MINIMUM	RATE PER DKT	0.000	N.A.	N.A.	N.A.	0.000

-
- A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR TRANSPORTATION FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 2.153%, CONSISTING OF 2.614% FOR THE CURRENT PERCENTAGE AND (0.461%) FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S TRANSMISSION FACILITIES.
- B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR TRANSPORTATION. THE APPLICABLE RATE IS 0.818 CENTS, CONSISTING OF 0.830 CENTS FOR THE CURRENT RATE AND (0.012) CENTS FOR THE DEFERRAL RATE. THIS RATE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S TRANSMISSION FACILITIES.

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

BASE TARIFF			BASE TARIFF	ACA	TOP	GAS SUPPLY
RATE PLUS	RATE SCHEDULE	UNIT	RATE	SURCHARGE	THROUGHPUT	REALIGNMENT
SURCHARGES					SURCHARGE	SURCHARGE

RATE SCHEDULE FTN-1						

RESERVATION CHARGE						
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)						
	MAXIMUM	RATE PER EQV. DKT PER MO.	47.491	N.A.	N.A.	N.A.
47.491						
	MINIMUM	RATE PER EQV. DKT PER MO.	1.589	N.A.	N.A.	N.A.
1.589						
VOLUMETRIC CAPACITY RELEASE CHARGE						
	MAXIMUM	RATE PER DKT	1.561	N.A.	N.A.	N.A.
1.561						
	MINIMUM	RATE PER DKT	0.052	N.A.	N.A.	N.A.
0.052						

Issued by: Keith A. Tiggelaar - Director of Regulatory Affairs
 Issued on: April 21, 2010

Effective on: May 21, 2010

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FS-1						
CAPACITY RESERVATION						
MAXIMUM	RATE PER EQV. DKT PER MO.	2.102	N.A.	N.A.	N.A.	2.102
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
CAPACITY DELIVERABILITY						
MAXIMUM	RATE PER EQV. DKT PER MO.	190.602	N.A.	N.A.	N.A.	190.602
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
INJECTION						
MAXIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
WITHDRAWAL						
MAXIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
SCHEDULED OVERRUN CHARGE						
INJECTION						
MAXIMUM A/B/	RATE PER DKT	23.920	N.A.	N.A.	N.A.	23.920
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
WITHDRAWAL						
MAXIMUM A/B/	RATE PER DKT	23.920	N.A.	N.A.	N.A.	23.920
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888

- A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR STORAGE FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 0.402%, CONSISTING OF 0.568% FOR THE CURRENT PERCENTAGE AND (0.166%) FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.
- B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR STORAGE. THE APPLICABLE RATE IS 0.182 CENTS, CONSISTING OF 0.346 CENTS FOR THE CURRENT RATE AND (0.164) CENTS FOR THE DEFERRAL RATE. THIS RATE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.

Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Seventh Revised Sheet No. 98
Superseding
Sixth Revised Sheet No. 98

STATEMENT OF RATES

2/ 3/

Rate Schedule -----	Long-Term Base Tariff Rate (per 100 Dth-Miles) 1/ -----
T-1 and T-1B	
Daily Reservation Rate - Port of Morgan, MT to Ventura, IA	
Maximum	\$0.0321
Minimum	\$0.0000
Daily Reservation Rate - Ventura, IA to North Hayden, IN	
Maximum	\$0.0345
Minimum	\$0.0000
Commodity Rate - Port of Morgan, MT to North Hayden, IN	
Maximum	\$0.0004
Minimum	\$0.0004

- 1/ Applicable to any Rate Schedule T-1 U.S. Shippers Service Agreement or any Rate Schedule T-1B Service Agreement with a primary term of at least twelve consecutive months.
- 2/ The Settlement Base Rates, pursuant to the Stipulation at Docket No. RP06-72-000, et al., remain in effect until such rates are superseded by new base rates placed into effect consistent with the provisions of the Stipulation.
- 3/ Rates on this sheet are subject to the revenue retrieval provision pursuant to Article X of the Stipulation at Docket No. RP06-72-000, et al.

Issued by: Raymond D. Neppel, Vice President

Issued on: November 21, 2006

Effective on: January 1, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP06-72-000, issued November 21, 2006, 17 FERC ¶ 61,217

Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Fifteenth Revised Sheet No. 99
Superseding
Fourteenth Revised Sheet No. 99

STATEMENT OF RATES

	Commodity Rate -----
Annual Charge Adjustment (ACA) Rate (per Dekatherm) 1/	\$0.0019
Compressor Usage Surcharge (per 100 Dekatherm-miles) 2/	\$0.0020

1/ In accordance with the Commission's regulations, the authorized FERC unit charge per dekatherm is applied to physical transportation deliveries and is applicable to all transportation rate schedules. Pursuant to Section 16 of the General Terms and Conditions herein, the ACA is effectively charged at a rate of \$0.0002 per 100 Dekatherm-miles.

2/ Rate is charged in accordance with Section 45 of the General Terms and Conditions.

Issued by: John A. Roscher, Director of Rates & Tariffs

Issued on: March 31, 2010

Effective on: May 1, 2010

TABLE OF RATES, TOLLS & CHARGES

Service	Rates, Tolls and Charges		
1. Rate Schedule FT-R	Refer to Attachment "1" for applicable FT-R Demand Rate per month & Surcharge for each Receipt Point Average Firm Service Receipt Price (AFSRP) \$213.83/10 ³ m ³		
2. Rate Schedule FT-RN	Refer to Attachment "1" for applicable FT-RN Demand Rate per month & Surcharge for each Receipt Point		
3. Rate Schedule FT-D	FT-D Demand Rate per month \$ 5.66/GJ		
4. Rate Schedule STFT	STFT Bid Price. Minimum bid of 100% of FT-D Demand Rate		
5. Rate Schedule FT-DW	FT-DW Bid Price. Minimum bid of 125% of FT-D Demand Rate		
6. Rate Schedule FT-A	FT-A Commodity Rate \$ 0.55/10 ³ m ³		
7. Rate Schedule FT-P	Refer to Attachment "2" for applicable FT-P Demand Rate per month		
8. Rate Schedule LRS	<u>Contract Term</u>	<u>Effective LRS Rate (\$/10³m³/day)</u>	
	1-5 years	10.43	
	6-10 years	8.72	
	15 years	7.82	
	20 years	6.94	
9. Rate Schedule LRS-2	LRS-2 Rate per month \$50,000		
10. Rate Schedule LRS-3	LRS-3 Demand Rate per month \$129.55/10 ³ m ³		
11. Rate Schedule IT-R	Refer to Attachment "1" for applicable IT-R Rate & Surcharge for each Receipt Point		
12. Rate Schedule IT-D	IT-D Rate \$ 0.2045/GJ		
13. Rate Schedule FCS	The FCS Charge is determined in accordance with Attachment "1" to the applicable Schedule of Service		
14. Rate Schedule PT	<u>Schedule No</u>	<u>PT Rate</u>	<u>PT Gas Rate</u>
	9006-01000-0	\$ 60.50/d	1.0 10 ³ m ³ /d
	9009-01001-1	\$660.00/d	50.0 10 ³ m ³ /d
15. Rate Schedule OS	<u>Schedule No.</u>	<u>Charge</u>	
	2010418777	\$ 209.00 / month	
	2010416547	\$ 24.00 / month	
	2010416549	\$ 63.00 / month	
	2010416543	\$ 7.00 / month	
	2010416546	\$ 5.00 / month	
	2010416548	\$ 1.00 / month	
	2010416540	\$ 42.00 / month	
	2010416550	\$ 96.00 / month	
	2010418778	\$ 350.00 / month	
	2010416545	\$ 1,688.00 / month	
	2010418000	\$ 151.00 / month	
	2010416551	\$ 46.00 / month	
	2010417322	\$ 153.00 / month	
	2010416544	\$ 79.00 / month	
2010416541	\$ 209.00 / month		
2003004522	\$ 83,333.00 / month		
16. Rate Schedule CO ₂	<u>Tier</u>	<u>CO₂ Rate (\$/10³m³)</u>	
	1	520.03	
	2	411.79	
	3	272.12	

NATURAL GAS TARIFF



	20 th	Revised	Sheet No.	80.1
Canceling	19 th	Revised	Sheet No.	80.1

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for firm transportation service on the Utility Transmission System under the terms of a Firm Gas Transportation Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge	
5,001 to 10,000	\$ 102.95	(I)
10,001 to 30,000	\$ 148.05	(I)
>30,000	\$ 328.50	(I)

PLUS:

Transmission Reservation Rate (Monthly Rate per MDDQ):

Maximum Monthly Reservation Rate for Maximum Daily Delivery Quantity (MDDQ)	\$ 8.417686	(I)
--	-------------	-----

Transmission Commodity Rate (Monthly Rate per Dkt):

Maximum	\$ 0.063787	(I)
Minimum	\$ 0.017935	
GTAC Amortization	\$ 0.000962	
Balancing Penalty Rate	Higher of \$25.00 / Dkt. Or 150% of Market Price	

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order the above GTAC Amortization shall be in effect until the balance is extinguished.

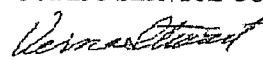
MINIMUM BILL: Per respective contracts.

(continued)

Commission Approved: July 8, 2010
Docket No.: D2009.9.129, Interim Order 7046g
Tariff Letter No. 173-G

Effective for service rendered on or after
July 8, 2010

PUBLIC SERVICE COMMISSION

 Secretary

GAS RATE SCHEDULE

South Dakota Intrastate Pipeline Company
1415 N. Airport Rd
Pierre, SD 57501
e Filed: January 24, 2001

SD P.U.C. Section No. 3
Original Sheet No. 1
Effective Date: January 10, 2001

TRANSPORTATION SERVICE Rate 1

Transportation rate is \$2.398 per dekatherm.

Issued By: Lisa A. Murphy, Vice President-Chief Financial Officer
STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

PUBLIC SERVICE COMMISSION OF WYOMING

SourceGas Distribution LLC

Wyo. P.S.C. Tariff No. 5
First Revised Sheet No. 12
Cancels Original Sheet No. 12

Statement of Firm and Interruptible Transportation Service Rates
Applicable to Shippers Not Receiving
Choice Gas Service
Rate Schedule TC 1/
Casper Division

<u>Division</u>	<u>Receipt Point</u>	<u>Delivery Point</u>	<u>Monthly Customer Charge</u>	<u>Maximum Transportation Charge 2/</u>	<u>Minimum Transportation Charge 2/</u>	<u>Fuel Reimbursement Quantity Percentage 3/</u>
TC (Casper) Firm Transportation	MLI	MLI	\$0.00	\$1.0551	\$0.0100	0.781%
	MLI	MLE	\$163.00	\$1.0551	\$0.0100	0.781%
	MLI	DSE	\$163.00	\$2.0988	\$0.0200	3.425%
Interruptible Transportation 4/	MLI	MLI	\$0.00	\$0.8439	\$0.0100	0.781%
	MLI	MLE	\$163.00	\$0.8439	\$0.0100	0.781%
Administrative Fee 5/			\$325.00			

- 1/ Casper Division service area is defined on Sheet Nos. 3 and 4 of this Tariff.
- 2/ All charges are per Dekatherm.
- 3/ For fuel, lost and unaccounted for gas, SourceGas shall be entitled to retain the stated percentage of all Dekatherms received for transportation, unless otherwise agreed in writing.
- 4/ Interruptible Transportation Service is not available to DSE customers. The Customer Charge will be charged only for those months gas actually flows.
- 5/ In addition to the transportation charges stated above, Shippers are responsible for the monthly administrative fee as stated, applicable to each meter located at the customer location. For Interruptible Transportation Shippers, the Administrative Fee will be charged only for those months gas actually flows. Firm Transportation Shippers will be charged each month, regardless of gas flow.

Abbreviations (as defined in the General Terms and Conditions of this Tariff):

MLI Mainline System Interconnect
MLE Mainline System End-user
DSE Distribution System End-user

Date Issued: June 8, 2007
By: Bentley W. Breland

Date Effective: June 15, 2007
Title: Senior Vice President

**MONTANA-DAKOTA UTILITIES CO.
RETURN ON CYCLE STORAGE BALANCES
AND PREPAID DEMAND AND COMMODITY BALANCES
NORTH DAKOTA GAS
EFFECTIVE OCTOBER 2010**

	General Service		
	Storage Balance 1/	Commodity Balance 2/	Prepaid Demand
October 2009	\$12,185,122	\$676,026	\$3,129,297
November	11,254,366	597,205	2,522,196
December	8,704,183	412,412	1,199,079
January 2010	3,383,952	215,680	(391,041)
February	(1,135,224)	79,587	(1,342,013)
March	(2,453,618)	8,012	(1,948,156)
April	(1,844,777)	(5,405)	(1,766,156)
May	(391,428)	53,497	(1,047,086)
June	2,378,801	134,270	(52,274)
July	5,928,934	246,211	994,507
August	9,826,588	368,347	2,027,453
September	11,662,062	622,297	2,834,841
October	12,325,058	630,585	3,093,293
13 month average	<u>\$5,524,925</u>	<u>\$310,671</u>	<u>\$711,842</u>
Rate of Return	8.791%	8.791%	8.791%
Return	\$485,696	\$27,311	\$62,578
Return Requirement	<u>\$668,516</u>	<u>\$37,591</u>	<u>\$86,133</u>

1/ Monthly balance from SENDOUT Model, allocated to North Dakota on ratio of storage capacity MDDQ.

2/ Monthly balance allocated to North Dakota on sales volumes.

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
FIRM
TO BE EFFECTIVE OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

(Over)/under recovered gas costs @ July 31, 2010 (\$695,379)

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	266,000	(\$0.515)	(136,990)
September	456,000	(0.515)	(234,840)
	722,000		(371,830)
 Additional recovery required			 (\$323,549)

Projected sales volumes (dk)

October 2010	944,000		
November	1,676,000		
December	2,348,000		
January 2011	2,572,000		
February	1,997,000		
March	1,692,000		
April	1,013,000		
May	529,000		
June	290,000		
July	249,000		
August	266,000		
September	456,000		
Total			14,032,000

Total (over)/under recovered gas cost adjustment
to be effective October 1, 2010 through September 30, 2011 **(\$0.023)**

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

(Over)/under recovered gas costs @ July 31, 2010 (\$18,649)

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	31,000	(\$0.152)	(4,712)
September	40,000	(0.152)	(6,080)
	71,000		(10,792)
 Additional recovery required			 (\$7,857)
 Projected sales volumes (dk)			
October 2010		65,000	
November		105,000	
December		116,000	
January 2011		110,000	
February		91,000	
March		80,000	
April		54,000	
May		38,000	
June		28,000	
July		28,000	
August		31,000	
September		40,000	
Total			786,000
 Total (over)/under recovered gas cost adjustment to be effective October 1, 2010 through September 30, 2011			 (\$0.010)

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

(Over)/under recovered gas costs @ July 31, 2010 \$14,139

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	7,000	\$0.024	168
September	6,000	0.024	144
	13,000		312
Additional recovery required			\$13,827

Projected sales volumes (dk)

October 2010	8,000		
November	38,000		
December	43,000		
January 2011	88,000		
February	83,000		
March	72,000		
April	49,000		
May	28,000		
June	21,000		
July	8,000		
August	7,000		
September	6,000		
Total			451,000

Total (over)/under recovered gas cost adjustment
to be effective October 1, 2010 through September 30, 2011 **\$0.031**

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
FIRM**

	<u>(Over) Under Recovery</u>	<u>Refunds & Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
Balance @ July 31, 2009									<u>(\$6,530,761)</u>
August	(\$284,184)	\$9,408 2/	(\$929)	(\$275,705)	261,090	\$0.845	\$220,621	(\$496,326)	(7,027,087)
September	1,597	0	(706)	891	256,293	0.845	216,567	(215,676)	(7,242,763)
October	122,909	0	(424)	122,485	583,825	(0.515)	149,323 3/	(26,838)	(7,269,601)
November	671,644	0	(304)	671,340	1,022,685	(0.515)	(526,683)	1,198,023	(6,071,578)
December	50,832	7,503 4/	(254)	58,081	1,808,016	(0.515)	(931,125)	989,206	(5,082,372)
January 2010	78,170	0	(255)	77,915	2,540,386	(0.515)	(1,308,299)	1,386,214	(3,696,158)
February	1,979,702	0	(341)	1,979,361	2,172,589	(0.515)	(1,118,883)	3,098,244	(597,914)
March	(615,605)	0	(77)	(615,682)	2,108,094	(0.515)	(1,085,668)	469,986	(127,928)
April	(633,699)	0	(19)	(633,718)	1,180,990	(0.515)	(608,210)	(25,508)	(153,436)
May	(599,923)	0	(22)	(599,945)	714,250	(0.515)	(367,839)	(232,106)	(385,542)
June	(442,748)	0	(39)	(442,787)	470,536	(0.515)	(242,325)	(200,462)	(586,004)
July	(251,999)	0	(79)	(252,078)	277,093	(0.515)	(142,703)	(109,375)	(695,379)
	<u>\$76,696</u>	<u>\$16,911</u>	<u>(\$3,449)</u>	<u>\$90,158</u>	<u>13,395,847</u>		<u>(\$5,745,224)</u>	<u>\$5,835,382</u>	<u>(\$695,379)</u>
Balance @ July 31, 2010									

1/ Interest calculated at 90 day Treasury Note rate.

2/ Prior period adjustment to correct the allocation between jurisdictions.

3/ Reflects 330,877 Dk @ \$0.845 and 252,948 Dk @ (\$0.515).

4/ Billing adjustment due to meter being incorrectly programmed.

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE**

	<u>(Over) Under Recovery</u>	<u>Refunds & Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
Balance @ July 31, 2009									<u><u>(\$92,116)</u></u>
August	(\$16,499)	\$522 2/	(\$13)	(\$15,990)	25,403	\$0.349	\$8,865	(\$24,855)	(116,971)
September	3,789	0	(12)	3,777	27,818	0.349	9,709	(5,932)	(122,903)
October	(20,599)	0	(7)	(20,606)	32,507	0.349	11,344	(31,950)	(154,853)
November	55,639	0	(7)	55,632	70,459	(0.152)	(10,710)	66,342	(88,511)
December	39,061	0	(4)	39,057	88,074	(0.152)	(13,388)	52,445	(36,066)
January 2010	(69,893)	0	(2)	(69,895)	108,660	(0.152)	(16,516)	(53,379)	(89,445)
February	123,160	0	(8)	123,152	89,489	(0.152)	(13,602)	136,754	47,309
March	(11,118)	0	6	(11,112)	79,157	(0.152)	(12,031)	919	48,228
April	(33,352)	0	6	(33,346)	61,541	(0.152)	(9,354)	(23,992)	24,236
May	(41,136)	0	3	(41,133)	39,195	(0.152)	(5,958)	(35,175)	(10,939)
June	(3,511)	0	(1)	(3,512)	38,655	(0.152)	(5,875)	2,363	(8,576)
July	(14,842)	0	(1)	(14,843)	31,385	(0.152)	(4,770)	(10,073)	(18,649)
	<u>\$10,699</u>	<u>\$522</u>	<u>(\$40)</u>	<u>\$11,181</u>	<u>692,343</u>		<u>(\$62,286)</u>	<u>\$73,467</u>	<u><u>(\$18,649)</u></u>
Balance @ July 31, 2010									

1/ Interest calculated at 90 day Treasury Note rate.

2/ Prior period adjustment to correct the allocation between jurisdictions.

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
AIR FORCE**

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change- Additions less Adjustment	Cumulative Balance
Balance @ July 31, 2009									<u>\$14,785</u>
August	(\$15,035)	\$336 2/	\$2	(\$14,697)	7,141	\$0.167	\$1,193	(\$15,890)	(1,105)
September	877	0	0	877	6,410	0.167	1,070	(193)	(1,298)
October	(4,862)	0	0	(4,862)	7,589	0.167	1,267	(6,129)	(7,427)
November	23,780	0	0	23,780	37,871	0.024	909	22,871	15,444
December	19,124	0	1	19,125	42,502	0.024	1,020	18,105	33,549
January 2010	(53,605)	0	2	(53,603)	88,110	0.024	2,115	(55,718)	(22,169)
February	114,176	0	(2)	114,174	83,044	0.024	1,993	112,181	90,012
March	(9,074)	0	11	(9,063)	71,569	0.024	1,717	(10,780)	79,232
April	(20,516)	0	11	(20,505)	49,451	0.024	1,187	(21,692)	57,540
May	(31,175)	0	8	(31,167)	28,214	0.024	677	(31,844)	25,696
June	(4,190)	0	2	(4,188)	20,992	0.024	504	(4,692)	21,004
July	(6,668)	0	3	(6,665)	8,318	0.024	200	(6,865)	14,139
	<u>\$12,832</u>	<u>\$336</u>	<u>\$38</u>	<u>\$13,206</u>	<u>451,211</u>		<u>\$13,852</u>	<u>(\$646)</u>	<u>\$14,139</u>
Balance @ July 31, 2010									

1/ Interest calculated at 90 day Treasury Note rate.

2/ Prior period adjustment to correct the allocation between jurisdictions.

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
FIRM

Exhibit D
Page 7 of 12

	Residential and Firm General				Seasonal	Total
	1/	2/	3/	Total		
<u>August 2009</u>						
Cost of Gas - Actual	\$4.51776	\$2.65627	\$4.51776		\$3.79546	
Cost of Gas - Recovered	4.52400	4.38300	4.38300		3.52100	
(Over) Under recovery per dk	(\$0.00624)	(\$1.72673)	\$0.13476		\$0.27446	
dk billed	89,225	165,169	1,884	256,278	4,812	261,090
(Over) Under recovery	(\$557)	(\$285,202)	\$254	(\$285,505)	\$1,321	(\$284,184)
<u>September 2009</u>						
Cost of Gas - Actual	\$4.65624	\$4.51776	\$4.65624		\$3.14916	
Cost of Gas - Recovered	4.65200	4.52400	4.52400		3.66200	
(Over) Under recovery per dk	\$0.00424	(\$0.00624)	\$0.13224		(\$0.51284)	
dk billed	79,660	146,792	27,096	253,548	2,745	256,293
(Over) Under recovery	\$338	(\$916)	\$3,583	\$3,005	(\$1,408)	\$1,597
<u>October 2009</u>						
Cost of Gas - Actual	\$4.63362	\$4.65624	\$4.63362		\$4.06444	
Cost of Gas - Recovered	4.14000	4.65200	4.65200		3.79000	
(Over) Under recovery per dk	\$0.49362	\$0.00424	(\$0.01838)		\$0.27444	
dk billed	252,948	172,122	157,947	583,017	808	583,825
(Over) Under recovery	\$124,860	\$730	(\$2,903)	\$122,687	\$222	\$122,909
<u>November 2009</u>						
Cost of Gas - Actual	\$5.98274	\$4.63362	\$5.98274		\$5.58137	
Cost of Gas - Recovered	5.08700	4.14000	4.14000		4.23000	
(Over) Under recovery per dk	\$0.89574	\$0.49362	\$1.84274		\$1.35137	
dk billed	294,929	691,714	35,236	1,021,879	806	1,022,685
(Over) Under recovery	\$264,180	\$341,444	\$64,931	\$670,555	\$1,089	\$671,644
<u>December 2009</u>						
Cost of Gas - Actual	\$4.33558	\$5.98274	\$4.33558		\$4.60701	
Cost of Gas - Recovered	5.08700	5.08700	5.08700		5.17800	
(Over) Under recovery per dk	(\$0.75142)	\$0.89574	(\$0.75142)		(\$0.57099)	
dk billed	951,365	855,537	0	1,806,902	1,114	1,808,016
(Over) Under recovery	(\$714,871)	\$766,339	\$0	\$51,468	(\$636)	\$50,832
<u>January 2010</u>						
Cost of Gas - Actual	\$6.63066	\$4.33558	\$6.63066		\$6.71253	
Cost of Gas - Recovered	5.26700	5.08700	5.08700		5.17800	
(Over) Under recovery per dk	\$1.36366	(\$0.75142)	\$1.54366		\$1.53453	
dk billed	811,346	1,610,956	117,110	2,539,412	974	2,540,386
(Over) Under recovery	\$1,106,400	(\$1,210,504)	\$180,778	\$76,674	\$1,496	\$78,170

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
FIRM

Exhibit D
Page 8 of 12

	Residential and Firm General				Seasonal	Total
	1/	2/	3/	Total		
<u>February 2010</u>						
Cost of Gas - Actual	\$6.33332	\$6.63066	\$6.33332		\$6.56479	
Cost of Gas - Recovered	6.60100	5.26700	5.26700		5.35700	
(Over) Under recovery per dk	(\$0.26768)	\$1.36366	\$1.06632		\$1.20779	
dk billed	590,193	1,514,189	67,388	2,171,770	819	2,172,589
(Over) Under recovery	(\$157,983)	\$2,064,839	\$71,857	\$1,978,713	\$989	\$1,979,702
<u>March 2010</u>						
Cost of Gas - Actual	\$6.25698	\$6.33332	\$6.25698		\$6.20949	
Cost of Gas - Recovered	6.60100	6.60100	6.60100		6.69100	
(Over) Under recovery per dk	(\$0.34402)	(\$0.26768)	(\$0.34402)		(\$0.48151)	
dk billed	669,714	1,437,515	0	2,107,229	865	2,108,094
(Over) Under recovery	(\$230,395)	(\$384,794)	\$0	(\$615,189)	(\$416)	(\$615,605)
<u>April 2010</u>						
Cost of Gas - Actual	\$5.20933	\$6.25698	\$5.20933		\$5.11280	
Cost of Gas - Recovered	6.07600	6.60100	6.60100		6.69100	
(Over) Under recovery per dk	(\$0.86667)	(\$0.34402)	(\$1.39167)		(\$1.57820)	
dk billed	367,511	779,867	32,955	1,180,333	657	1,180,990
(Over) Under recovery	(\$318,510)	(\$268,290)	(\$45,862)	(\$632,662)	(\$1,037)	(\$633,699)
<u>May 2010</u>						
Cost of Gas - Actual	\$4.62265	\$5.20933	\$4.62265		\$5.13374	
Cost of Gas - Recovered	5.14300	6.07600	6.07600		6.16800	
(Over) Under recovery per dk	(\$0.52035)	(\$0.86667)	(\$1.45335)		(\$1.03426)	
dk billed	229,133	382,060	102,571	713,764	486	714,250
(Over) Under recovery	(\$119,229)	(\$331,120)	(\$149,071)	(\$599,420)	(\$503)	(\$599,923)
<u>June 2010</u>						
Cost of Gas - Actual	\$3.49558	\$4.62265	\$3.49558		\$5.20075	
Cost of Gas - Recovered	5.14300	5.14300	5.14300		5.24000	
(Over) Under recovery per dk	(\$1.64742)	(\$0.52035)	(\$1.64742)		(\$0.03925)	
dk billed	176,729	291,144	0	467,873	2,663	470,536
(Over) Under recovery	(\$291,147)	(\$151,497)	\$0	(\$442,644)	(\$104)	(\$442,748)
<u>July 2010</u>						
Cost of Gas - Actual	\$4.76590	\$3.49558	\$4.76590		\$4.80428	
Cost of Gas - Recovered	5.14300	5.14300	5.14300		4.27300	
(Over) Under recovery per dk	(\$0.37710)	(\$1.64742)	(\$0.37710)		\$0.53128	
dk billed	155,281	118,492	0	273,773	3,320	277,093
(Over) Under recovery	(\$58,555)	(\$195,208)	\$0	(\$253,763)	\$1,764	(\$251,999)

1/ Consumed in current month.

2/ Consumed in prior month.

3/ True-up of prior month volumes.

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE

	1/	2/	3/	Total
<u>August 2009</u>				
Cost of Gas - Actual	\$3.72812	\$2.80168	\$3.72812	
Cost of Gas - Recovered	3.58800	3.44800	3.44800	
(Over) Under recovery per dk	\$0.14012	(\$0.64632)	\$0.28012	
dk billed	1	25,489	(87)	25,403
(Over) Under recovery	\$0	(\$16,475)	(\$24)	(\$16,499)
<u>September 2009</u>				
Cost of Gas - Actual	\$3.07960	\$3.72812	\$3.07960	
Cost of Gas - Recovered	3.71900	3.58800	3.58800	
(Over) Under recovery per dk	(\$0.63940)	\$0.14012	(\$0.50840)	
dk billed	0	27,650	168	27,818
(Over) Under recovery	\$0	\$3,874	(\$85)	\$3,789
<u>October 2009</u>				
Cost of Gas - Actual	\$3.99683	\$3.07960	\$3.99683	
Cost of Gas - Recovered	3.20600	3.71900	3.71900	
(Over) Under recovery per dk	\$0.79083	(\$0.63940)	\$0.27783	
dk billed	1	32,304	202	32,507
(Over) Under recovery	\$1	(\$20,656)	\$56	(\$20,599)
<u>November 2009</u>				
Cost of Gas - Actual	\$4.56447	\$3.99683	\$4.56447	
Cost of Gas - Recovered	4.13500	3.20600	3.20600	
(Over) Under recovery per dk	\$0.42947	\$0.79083	\$1.35847	
dk billed	0	70,603	(144)	70,459
(Over) Under recovery	\$0	\$55,835	(\$196)	\$55,639
<u>December 2009</u>				
Cost of Gas - Actual	\$3.56734	\$4.56447	\$3.56734	
Cost of Gas - Recovered	4.13500	4.13500	4.13500	
(Over) Under recovery per dk	(\$0.56766)	\$0.42947	(\$0.56766)	
dk billed	(1,240)	89,314	0	88,074
(Over) Under recovery	\$704	\$38,357	\$0	\$39,061
<u>January 2010</u>				
Cost of Gas - Actual	\$5.68116	\$3.56734	\$5.68116	
Cost of Gas - Recovered	4.30400	4.13500	4.13500	
(Over) Under recovery per dk	\$1.37716	(\$0.56766)	\$1.54616	
dk billed	1	112,544	(3,885)	108,660
(Over) Under recovery	\$1	(\$63,887)	(\$6,007)	(\$69,893)

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE

	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>Total</u>
<u>February 2010</u>				
Cost of Gas - Actual	\$5.51142	\$5.68116	\$5.51142	
Cost of Gas - Recovered	5.64700	4.30400	4.30400	
(Over) Under recovery per dk	(\$0.13558)	\$1.37716	\$1.20742	
dk billed	1	89,027	461	89,489
(Over) Under recovery	\$0	\$122,604	\$556	\$123,160
<u>March 2010</u>				
Cost of Gas - Actual	\$5.17068	\$5.51142	\$5.17068	
Cost of Gas - Recovered	5.64700	5.64700	5.64700	
(Over) Under recovery per dk	(\$0.47632)	(\$0.13558)	(\$0.47632)	
dk billed	1,132	78,025	0	79,157
(Over) Under recovery	(\$539)	(\$10,579)	\$0	(\$11,118)
<u>April 2010</u>				
Cost of Gas - Actual	\$4.04993	\$5.17068	\$4.04993	
Cost of Gas - Recovered	5.12500	5.64700	5.64700	
(Over) Under recovery per dk	(\$1.07507)	(\$0.47632)	(\$1.59707)	
dk billed	1,253	57,353	2,935	61,541
(Over) Under recovery	(\$1,347)	(\$27,318)	(\$4,687)	(\$33,352)
<u>May 2010</u>				
Cost of Gas - Actual	\$4.10077	\$4.04993	\$4.10077	
Cost of Gas - Recovered	4.18500	5.12500	5.12500	
(Over) Under recovery per dk	(\$0.08423)	(\$1.07507)	(\$1.02423)	
dk billed	901	36,171	2,123	39,195
(Over) Under recovery	(\$76)	(\$38,885)	(\$2,175)	(\$41,136)
<u>June 2010</u>				
Cost of Gas - Actual	\$3.70233	\$4.10077	\$3.70233	
Cost of Gas - Recovered	4.18500	4.18500	4.18500	
(Over) Under recovery per dk	(\$0.48267)	(\$0.08423)	(\$0.48267)	
dk billed	641	38,014	0	38,655
(Over) Under recovery	(\$309)	(\$3,202)	\$0	(\$3,511)
<u>July 2010</u>				
Cost of Gas - Actual	\$4.50275	\$3.70233	\$4.50275	
Cost of Gas - Recovered	4.18500	4.18500	4.18500	
(Over) Under recovery per dk	\$0.31775	(\$0.48267)	\$0.31775	
dk billed	383	31,002	0	31,385
(Over) Under recovery	\$122	(\$14,964)	\$0	(\$14,842)

1/ Consumed in current month.
2/ Consumed in prior month.
3/ True-up of prior month volumes.

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
AIR FORCE

	<u>1/</u>	<u>2/</u>	<u>Total</u>
<u>August 2009</u>			
Cost of Gas - Actual	\$1.33310	\$3.71184	
Cost of Gas - Recovered	3.43200	3.43200	
(Over) Under recovery per dk	<u>(\$2.09890)</u>	<u>\$0.27984</u>	
dk billed	7,161	(20)	7,141
(Over) Under recovery	<u>(\$15,030)</u>	<u>(\$5)</u>	(\$15,035)
<u>September 2009</u>			
Cost of Gas - Actual	\$3.71184	\$3.06482	
Cost of Gas - Recovered	3.57200	3.57200	
(Over) Under recovery per dk	<u>\$0.13984</u>	<u>(\$0.50718)</u>	
dk billed	6,381	29	6,410
(Over) Under recovery	<u>\$892</u>	<u>(\$15)</u>	\$877
<u>October 2009</u>			
Cost of Gas - Actual	\$3.06482	\$3.82401	
Cost of Gas - Recovered	3.70200	3.70200	
(Over) Under recovery per dk	<u>(\$0.63718)</u>	<u>\$0.12201</u>	
dk billed	7,623	(34)	7,589
(Over) Under recovery	<u>(\$4,858)</u>	<u>(\$4)</u>	(\$4,862)
<u>November 2009</u>			
Cost of Gas - Actual	\$3.82401	\$4.54318	
Cost of Gas - Recovered	3.19200	3.19200	
(Over) Under recovery per dk	<u>\$0.63201</u>	<u>\$1.35118</u>	
dk billed	38,088	(217)	37,871
(Over) Under recovery	<u>\$24,073</u>	<u>(\$293)</u>	\$23,780
<u>December 2009</u>			
Cost of Gas - Actual	\$4.54318	\$3.55054	
Cost of Gas - Recovered	4.11600	4.11600	
(Over) Under recovery per dk	<u>\$0.42718</u>	<u>(\$0.56546)</u>	
dk billed	43,475	(973)	42,502
(Over) Under recovery	<u>\$18,571</u>	<u>\$553</u>	\$19,124
<u>January 2010</u>			
Cost of Gas - Actual	\$3.55054	\$5.65585	
Cost of Gas - Recovered	4.11600	4.11600	
(Over) Under recovery per dk	<u>(\$0.56546)</u>	<u>\$1.53985</u>	
dk billed	89,906	(1,796)	88,110
(Over) Under recovery	<u>(\$50,839)</u>	<u>(\$2,766)</u>	(\$53,605)

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
AIR FORCE

	<u>1/</u>	<u>2/</u>	<u>Total</u>
<u>February 2010</u>			
Cost of Gas - Actual	\$5.65585	\$5.48679	
Cost of Gas - Recovered	4.28500	4.28500	
(Over) Under recovery per dk	<u>\$1.37085</u>	<u>\$1.20179</u>	
dk billed	85,027	(1,983)	83,044
(Over) Under recovery	<u>\$116,559</u>	<u>(\$2,383)</u>	\$114,176
<u>March 2010</u>			
Cost of Gas - Actual	\$5.48679	\$5.14774	
Cost of Gas - Recovered	5.62200	5.62200	
(Over) Under recovery per dk	<u>(\$0.13521)</u>	<u>(\$0.47426)</u>	
dk billed	73,348	(1,779)	71,569
(Over) Under recovery	<u>(\$9,917)</u>	<u>\$843</u>	(\$9,074)
<u>April 2010</u>			
Cost of Gas - Actual	\$5.14774	\$3.99656	
Cost of Gas - Recovered	5.62200	5.62200	
(Over) Under recovery per dk	<u>(\$0.47426)</u>	<u>(\$1.62544)</u>	
dk billed	52,003	(2,552)	49,451
(Over) Under recovery	<u>(\$24,663)</u>	<u>\$4,147</u>	(\$20,516)
<u>May 2010</u>			
Cost of Gas - Actual	\$3.99656	\$3.94118	
Cost of Gas - Recovered	5.10200	5.10200	
(Over) Under recovery per dk	<u>(\$1.10544)</u>	<u>(\$1.16082)</u>	
dk billed	28,454	(240)	28,214
(Over) Under recovery	<u>(\$31,453)</u>	<u>\$278</u>	(\$31,175)
<u>June 2010</u>			
Cost of Gas - Actual	\$3.94118	\$2.66890	
Cost of Gas - Recovered	4.16600	4.16600	
(Over) Under recovery per dk	<u>(\$0.22482)</u>	<u>(\$1.49710)</u>	
dk billed	21,408	(416)	20,992
(Over) Under recovery	<u>(\$4,812)</u>	<u>\$622</u>	(\$4,190)
<u>July 2010</u>			
Cost of Gas - Actual	\$2.66890	(\$0.27739)	
Cost of Gas - Recovered	4.16600	4.16600	
(Over) Under recovery per dk	<u>(\$1.49710)</u>	<u>(\$4.44339)</u>	
dk billed	10,282	(1,964)	8,318
(Over) Under recovery	<u>(\$15,393)</u>	<u>\$8,725</u>	(\$6,668)

1/ Consumed in prior month.

2/ True-up of prior month volumes.

MONTANA-DAKOTA UTILITIES CO.
NORTH DAKOTA GAS
INTERRUPTIBLE MARKET BASED PRICING DIFFERENTIAL
EFFECTIVE OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Balance of Accumulated Revenues 1/	\$118,304
Projected Residential & General Service Sales Volumes	<u>14,032,000</u>
Market Based Pricing Differential Provision	<u><u>\$0.008</u></u>

1/ Represents 50% of margin above the approved margin from all interruptible sales.