MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

September 12, 2011

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-11-___

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 (97th Revised Sheet No. 3) showing the proposed natural gas and propane rates, to be effective with service rendered October 1, 2011.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has decreased $0.300 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 $0.050 per dk. In addition, this filing reflects the annual change in the surcharge adjustment, which is a decrease of $0.009 per dk for residential and firm general service customers. The market based pricing differential credit increased by $0.001 per dk resulting in a decrease of $0.260 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 2011.

The net effect of this filing, calculated pursuant to the terms of Rate 88, is a decrease of $0.260 per dk for residential and firm general service customers, a decrease of $0.163 per dk for small and large interruptible customers and a decrease of $0.226 per dk for Air Force interruptible customers from the currently effective rates.

15 PU-11-8 Filed 09/12/2011 Pages: 51
October 2011 cost of natural gas and propane
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.

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 2011. The average cost of gas for firm customers, adjusted for losses, is $5.176.

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, 2011 through September 30, 2012. The total surcharge is a negative $0.032 per dk for residential and general service customers, $0.064 per dk for small and large interruptible customers and $0.041 per dk for the Air Force, or a decrease of $0.009 per dk for residential and general service customers, an increase of $0.074 per dk for small and large interruptible customers and an increase of $0.010 per dk for the Air Force from the adjustment effective October 1, 2010.

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 $0.009 per dk will be applicable to all residential and general service customers for the period October 1, 2011 through September 30, 2012. This reflects a decrease of $0.001 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 2011. 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 2011 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 $264,500 for natural gas customers during the month of October 2011. All of Montana-Dakota's retail natural gas customers in North Dakota may be affected by this proposal. There were 90,337 natural gas customers in North Dakota as of August 31, 2011.

Please refer all inquiries regarding this filing to:

Ms. Rita A. Mulkern
Regulatory Affairs 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

Rita A. Mulkern
Regulatory Affairs 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

RATE SUMMARY SHEET

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	$5.135	$5.947
Air Force Rate 64	7				
Minot Air Force Base		$1,000.00 per month			
PAR Site		$135.00 per month			
Firm Service			$0.138	$5.135	$5.273
Interruptible Service - PAR			$0.120	$4.321	$4.441
Interruptible Service - MAFB			$0.120	$4.279	$4.399
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	$5.135	$5.732
Small Interruptible Gas Rate 71	14	$100.00 per month	(Maximum) $0.871	$4.321	(Maximum) $5.192
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	$5.224	$5.821
Summer Gas Usage			$0.597	$4.288	$4.885
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	$4.321	(Maximum) $5.040
Residential Propane Rate 90	32	$0.30 per day	$0.812	$15.324	$16.136
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	$15.324	$15.921

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

October 2011

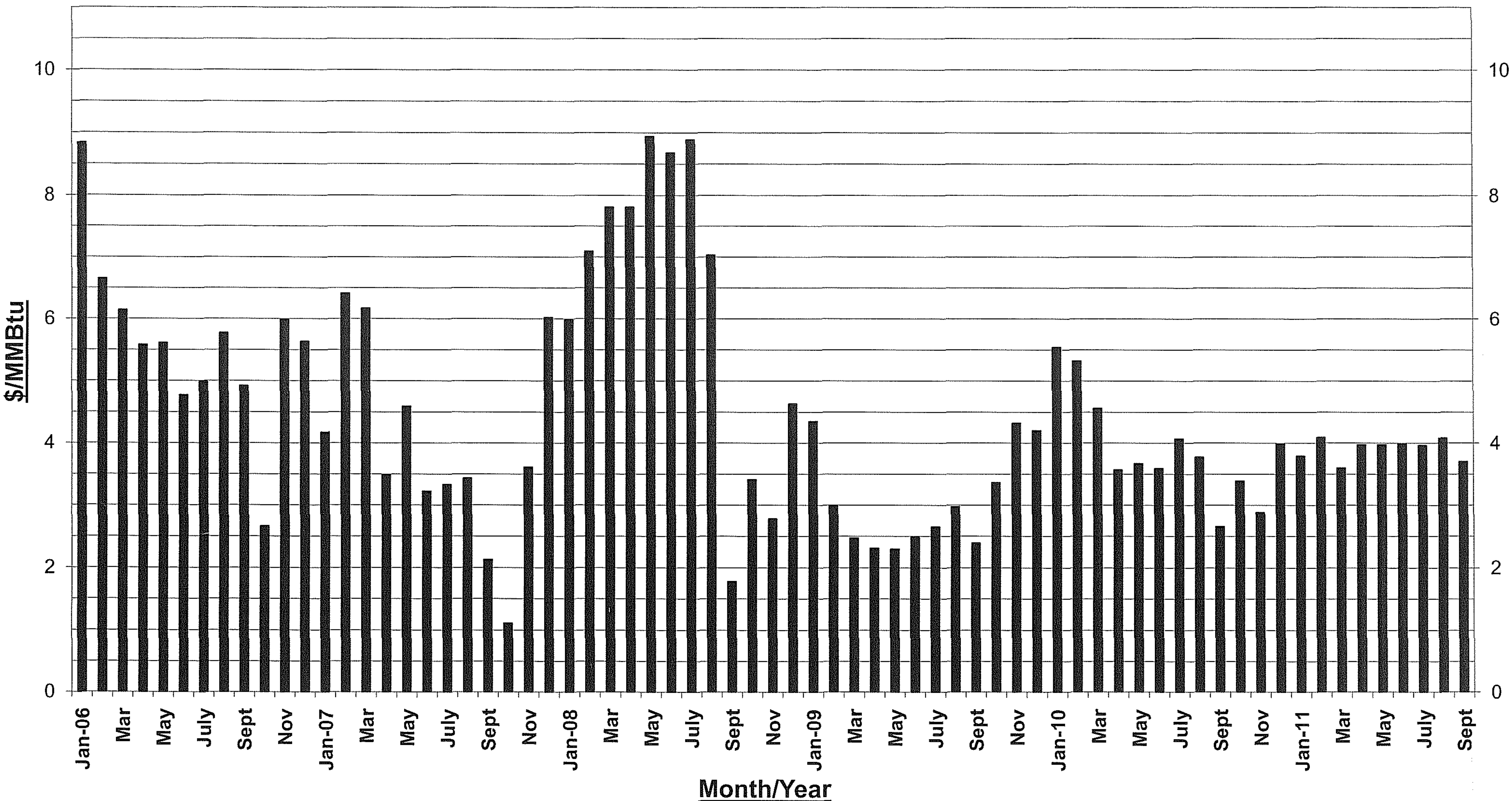
The established monthly price for the Rocky Mountain CIG Index has decreased from the previous filing. The CIG Rocky Mountain Index is based on a price discovery survey by several natural gas periodicals, including "Inside FERC Gas Market" report and "Gas Daily" by McGraw-Hill Companies, of prices paid 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 price of gas has decreased, as despite the increased summer heat over much of the U.S., the abundance of shale gas in the mid-continent and increased production in other areas of the country, gas prices have remained relatively stable throughout the summer. The Energy Information Administration (EIA) reported storage levels nationwide as of September 2, 2011 were 1.9 percent below the five-year average and 4.2 percent below last year's storage balance.

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

The September 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 2006-2011YTD



From Inside F.E.R.C.'s Gas Market Report
Annual Averages: - 2009-$3.07; 2010-$3.92; 2011YTD - $3.91

Independent Statistics & Analysis
U.S. Energy Information Administration

September 2011

Short-Term Energy Outlook

September 7, 2011 Release

Highlights

- EIA's economic growth assumptions have been lowered substantially compared with last month's *Outlook*. This forecast assumes that U.S. real gross domestic product (GDP) grows by 1.5 percent this year and 1.9 percent next year compared with 2.4 percent and 2.6 percent, respectively, in the previous *Outlook*. World oil-consumption-weighted real GDP grows by 3.1 percent and 3.8 percent in 2011 and 2012, respectively, compared with 3.4 percent and 4.1 percent in the last *Outlook*. With weaker economic growth and lower petroleum consumption growth, EIA expects the U.S. average refiner acquisition cost of crude oil to rise from an average of $100 per barrel in 2011 to $103 per barrel in 2012, compared with an increase to $107 per barrel in 2012 in last month's *Outlook*.

- Regular-grade gasoline retail prices fell by 40 cents per gallon from their peak this year of $3.97 per gallon on May 9 to $3.57 per gallon on June 27 following a decline in crude oil prices. Gasoline retail prices stabilized in July and August with weekly retail prices averaging between $3.58 per gallon and $3.71 per gallon, but are projected to fall to an average $3.47 per gallon in the fourth quarter 2011 after refiners switch production from summer-grade gasoline to lower-cost winter-grade gasoline.

- Natural gas working inventories ended August 2011 at 3.0 trillion cubic feet (Tcf), about 5 percent, or 144 billion cubic feet (Bcf), below the 2010 end-of-August level. EIA expects that working natural gas inventories will approach last year's high levels by the end of this year's injection season. The projected Henry Hub natural gas spot price averages $4.20 per million British thermal units (MMBtu) in 2011, $0.18 per MMBtu lower than the 2010 average. EIA expects the natural gas market to tighten moderately in 2012, with the Henry Hub spot price increasing to an average of $4.30 per MMBtu.

- Global coal supply disruptions, particularly in Australia, and growing demand in China have helped boost U.S. coal exports for the first half of 2011 to a 29-

year high of 54 million short tons (MMst), an increase of 35 percent compared to the same period in 2010 and double 2009 levels. EIA expects coal exports to begin to weaken, totaling 45 MMst over the second half of 2011 and 87 MMst in 2012.

Global Crude Oil and Liquid Fuels

Crude Oil and Liquid Fuels Overview. The projected pace of global oil demand growth is lower in this month's *Outlook* due to less optimistic assumptions about global economic growth. The downward revision to oil demand growth relieves some of the potential oil market tightness that had been implied by previous forecast balances. Nonetheless, without a significant change in the outlook for supply, EIA expects markets to draw upon inventories to meet at least some of the growth in consumption over the fourth quarter of 2011 and beyond. In 2012, oil demand growth from countries outside of the Organization for Economic Cooperation and Development (OECD) is projected to outpace the growth in supply from producers that are not members of the Organization of the Petroleum Exporting Countries (OPEC), implying a need for OPEC producers to increase their output to balance the market.

The inherent uncertainty of the revised price forecast is evidenced by the various shocks to oil supply, demand, and prices that have occurred this year. Upside risks to the crude oil price outlook remain, particularly due to ongoing unrest in oil-producing regions and the possibility that non-OECD demand will be more resilient than expected. Yet downside risks arguably predominate, as fears persist about the rate of global economic recovery, contagion effects of the debt crisis in the European Union, and other fiscal issues facing national and sub-national governments. On the supply side, the possibility remains that Libya may be able to ramp up oil production and exports sooner than anticipated.

Global Crude Oil and Liquid Fuels Consumption. EIA expects world crude oil and liquid fuels consumption will continue growing from its record-high levels in 2010, albeit less robustly than in the previous *Outlook,* due to a reduction of approximately 0.3 percentage points in the global oil-consumption-weighted economic growth forecast for both 2011 and 2012. EIA expects world consumption to grow by about 1.4 million barrels per day (bbl/d) in both 2011 and 2012 to 89.6 million bbl/d in 2012 – a downward revision of over 200 thousand bbl/d from last month's *Outlook* (World Liquid Fuels Consumption Chart). The demand forecast is also a divergent tale of two regions: consumption in OECD member countries is projected to decline in both 2011 and 2012, while China and other emerging economies account for all of the projected growth in oil consumption through 2012.

Non-OPEC Supply. EIA projects that non-OPEC crude oil and liquid fuels production will grow by 500 thousand bbl/d in 2011 and 770 thousand bbl/d in 2012, to a 2012 average of 53.1 million bbl/d (Non-OPEC Crude Oil and Liquid Fuels Production Growth Chart). The largest sources of expected growth in non-OPEC oil production over the forecast period are Brazil, Canada, China, Colombia, Kazakhstan, and the United States, with average annual growth in each country of over 100 thousand bbl/d. In contrast, Russian oil production is expected to decline by roughly 120 thousand bbl/d next year, while North Sea production declines by 130 thousand bbl/d in 2011 and 110 thousand bbl/d in 2012. EIA assumes that Yemen will recover most of its pre-disruption levels of production (240 thousand bbl/d) early next year, but heightened turmoil in Syria and the potential for more sanctions on the country's energy sector introduce yet another source of political risk to the non-OPEC outlook.

OPEC Supply. EIA expects OPEC crude oil production to decline by about 360 thousand bbl/d in 2011, in large part due to the supply disruption in Libya. Though the situation in Libya is dynamic and circumstances have changed considerably since last month's *Outlook*, EIA is continuing to maintain its assumption – with only a slightly accelerated timetable – that about one-half of Libya's pre-disruption production will resume by the end of 2012. The restoration of at least some Libyan production is expected to contribute to an overall increase in OPEC output of 510 thousand bbl/d in 2012. EIA projects that OPEC surplus crude oil production capacity will fall from 4.0 million bbl/d at the end of 2010 to 3.5 million bbl/d at the end of 2011 (OPEC Surplus Crude Oil Production Capacity Chart). Forecast OPEC non-crude liquids production, which is not subject to production targets, is expected to increase by 490 thousand bbl/d in 2011 and by 440 thousand bbl/d in 2012.

OECD Petroleum Inventories. EIA expects that OECD commercial inventories will decline slightly in both 2011 and 2012. Days of supply (total inventories divided by average daily consumption) fall slightly but remain relatively high at 58 days during the fourth quarter of 2010, 57 days during the fourth quarter 2011, and 56 days during the fourth quarter 2012 (Days of Supply of OECD Commercial Stocks Chart).

Crude Oil Prices. West Texas Intermediate (WTI) crude oil spot prices fell from an average of $97 per barrel in July to $86 per barrel in August (West Texas Intermediate Crude Oil Price Chart). EIA has revised the projected oil price paths downward from last month's *Outlook*. EIA expects that the U.S. refiner average crude oil acquisition cost will average $100 per barrel in 2011 and $103 per barrel in 2012 compared with $100 per barrel and $107 per barrel for 2011 and 2012, respectively, in the previous *Outlook*.

The current price discount for WTI relative to other U.S. and world crude oils is expected to continue until transportation bottlenecks restricting the movement of crude oil out of the mid-continent region are relieved. Consequently, the projected average U.S. refiner acquisition cost of crude oil, which averaged almost $2.70 per barrel below WTI in 2010, averages about $6 per barrel above WTI in 2011 and $8 per barrel above WTI in 2012.

Energy price forecasts are highly uncertain (Market Prices and Uncertainty Report). WTI futures for November 2011 delivery over the 5-day period ending September 1 averaged $88 per barrel and implied volatility averaged 40 percent, establishing the lower and upper limits of a 95-percent confidence interval for the market's expectations of monthly average WTI prices in November of $67 per barrel and $116 per barrel, respectively. Implied volatility, or the expectation of future price volatility, is up from the 33 percent implied volatility reported in last month's *Outlook* for the October 2011 contract. Last year at this time, WTI for November 2010 delivery averaged $75 per barrel and implied volatility averaged 32 percent. The corresponding lower and upper limits of the 95-percent confidence interval were $61 per barrel and $94 per barrel.

U.S. Crude Oil and Liquid Fuels

U.S. Liquid Fuels Consumption. Total consumption of liquid fuels in 2010 grew 410 thousand bbl/d, or 2.2 percent, the highest rate of growth since 2004 (U.S. Liquid Fuels Consumption Growth Chart). In contrast, projected total U.S. liquid fuels consumption in 2011 falls by 170 thousand bbl/d (0.9 percent). Motor gasoline consumption accounts for almost all the projected decline for the year.

EIA expects total liquid fuels consumption to increase by 80 thousand bbl/d (0.4 percent) to 19.1 million bbl/d in 2012, down from the 170 thousand bbl/d increase projected in the previous *Outlook* because of the downward revisions to the U.S. economic growth forecast. Projected motor gasoline consumption rises by 40 thousand bbl/d (0.5 percent) as highway travel increases modestly, and distillate fuel consumption increases by 30 thousand bbl/d (0.9 percent) as growth in industrial activity and non-petroleum imports continues to slow as a result of continuing weak economic growth in 2012.

U.S. Liquid Fuels Supply and Imports. Domestic crude oil production, which increased by 110 thousand bbl/d in 2010 to 5.5 million bbl/d, increases by a further 140 thousand bbl/d in 2011 and by 60 thousand bbl/d in 2012 (U.S. Crude Oil Production Chart), driven by increased oil-directed drilling activity, particularly in unconventional shale formations.

Liquid fuel net imports (including both crude oil and refined products) fell from 57 percent of total U.S. consumption in 2008 to 49 percent in 2010 because of rising domestic production and the decline in consumption during the economic downturn. EIA forecasts that liquid fuel net imports' share of total consumption will decline further to 47 percent in both 2011 and 2012.

U.S. Inventories. Commercial crude oil inventory levels ended August 2011 at an estimated 359 million barrels, the same level as last year but 29 million barrels higher than the previous 5-year average for that month. Following the completion of the release of about 31 million barrels of crude oil from the U.S. Strategic Petroleum Reserve (SPR), commercial crude oil stocks are expected to rise to 364 million barrels by the end of September 2011, 34 million barrels higher than the previous 5-year average. Commercial crude oil stocks are gradually drawn down to near their 5-year averages by the end of 2012.

EIA expects refined product inventories to remain close to their 5-year averages despite the recent SPR release. Total motor gasoline stocks at the end of August 2011 were an estimated 208 million barrels, down 13 million barrels from last year but 2 million barrels above the previous 5-year average for that month. Distillate fuel oil stocks ended August 2011 at an estimated 157 million barrels, down 13 million barrels from the same time last year but 7 million barrels above the previous 5-year average. Projected total motor gasoline and distillate inventories average about 1 million barrels and 7 million barrels higher, respectively, than their previous 5-year averages at the end of 2011.

U.S. Petroleum Product Prices. EIA forecasts that the annual average regular-grade gasoline retail price, which averaged $2.78 per gallon in 2010, will increase to $3.56 per gallon in 2011, and average $3.54 per gallon in 2012. The increase in retail prices in 2011 reflects not only the higher cost of crude oil but also changes in average U.S. refinery gasoline margin (the difference between refinery wholesale gasoline prices and the average cost of crude oil) from $0.34 per gallon in 2010, to $0.50 per gallon in 2011 and $0.43 per gallon in 2012.

EIA expects that on-highway diesel fuel retail prices, which averaged $2.99 per gallon in 2010, will average $3.85 per gallon in 2011 and $3.87 per gallon in 2012. Projected U.S. refinery diesel fuel margins increase from an average of $0.38 per gallon in 2010 to $0.65 per gallon in 2011, then fall to an average of $0.58 per gallon in 2012.

Natural Gas

U.S. Natural Gas Consumption. Projected natural gas consumption for electric power generation fell from 29.7 Bcf/d in July to 29.2 Bcf/d in August, as the extreme temperatures (411 cooling degree-days in July) receded somewhat (to 350 cooling degree-days in August). Hurricane Irene, later downgraded to Tropical Storm Irene as it moved up the East Coast, brought wind, rain, and power outages near the end of the month.

EIA expects that total natural gas consumption will grow by 1.8 percent to 67.3 billion cubic feet per day (Bcf/d) in 2011 (U.S. Total Natural Gas Consumption Chart). Growth in the industrial and electric power sectors accounts for most of the growth in total consumption, with expected increases in 2011 to 18.5 Bcf/d (2.1 percent) and 20.7 Bcf/d (2.4 percent), respectively. Projected total natural gas consumption increases 0.6 percent in 2012 to 67.7 Bcf/d.

U.S. Natural Gas Production and Imports. Marketed natural gas production is expected to average 65.8 Bcf/d in 2011, a 4.0 Bcf/d (6.4 percent) increase over 2010. The majority of this growth is centered in the onshore production in the Lower 48 States, which will more than offset steep projected declines in the Federal Gulf of Mexico (GOM). Forecast GOM production falls 0.9 Bcf/d (13.9 percent) in 2011. EIA expects that overall production will continue to grow in 2012, but at a slower pace, increasing 1.1 Bcf/d (1.7 percent) to an average of 66.9 Bcf/d.

Drilling activity has been resilient despite lower natural gas spot and futures prices. According to Baker Hughes, the August 26 rig count had rebounded to 898 active drilling rigs targeting natural gas, up from 866 on May 20. If drilling continues to increase, production could grow more than expected in 2012.

Growing domestic natural gas production has reduced reliance on natural gas imports and contributed to increased exports. EIA expects that pipeline gross imports of natural gas will fall by 4.1 percent to 8.7 Bcf/d during 2011 and by another 3.8 percent to 8.4 Bcf/d in 2012. Projected U.S. imports of liquefied natural gas (LNG) fall from 1.2 Bcf/d in 2010 to 1.0 Bcf/d in both 2011 and 2012. Pipeline gross exports to Mexico and Canada are expected to average 4.1 Bcf/d in 2011 and 4.2 Bcf/d in 2012, compared with 3.1 Bcf/d in 2010.

U.S. Natural Gas Inventories. On August 26, 2011, working natural gas in storage stood at 2,961 Bcf, 137 Bcf below last year's level in late August (U.S. Working Natural Gas in Storage Chart). EIA expects that inventories, though currently lower than last year, will come close to last year's levels towards the end of the 2011 injection season, reaching 3.74 Tcf at the end of October 2011.

U.S. Natural Gas Prices. The Henry Hub spot price averaged $4.05 per MMBtu in August 2011, 37 cents lower than the July 2011 average (Henry Hub Natural Gas Price Chart). This month's *Outlook* lowers the 2011 forecast by 4 cents to $4.20 per MMBtu and lowers the 2012 forecast by 11 cents to $4.30 per MMBtu. The increase in price from 2011 to 2012 reflects some tightening in supply as production growth slows in 2012.

Uncertainty about natural gas prices is lower this year compared with last year at this time (Market Prices and Uncertainty Report). Natural gas futures for November 2011 delivery (for the 5-day period ending September 1, 2011) averaged $4.07 per MMBtu, and the average implied volatility was 34 percent. The lower and upper bounds for the 95-percent confidence interval for November 2011 contracts are $3.16 per MMBtu and $5.26 per MMBtu. At this time last year, the November 2010 natural gas futures contract averaged $4.07 per MMBtu and implied volatility averaged 48 percent. The corresponding lower and upper limits of the 95-percent confidence interval were $2.84 per MMBtu and $5.83 per MMBtu.

Electricity

U.S. Electricity Consumption. Although cumulative cooling degree-days for 2011 through August for the entire United States were just 2.8 percent higher than the same period in 2010, some regions experienced extreme weather during the past few months. Record heat in Texas has led to record-setting power demand while Hurricane Irene recently caused widespread power outages in the Northeast. Overall, EIA expects relatively flat growth this year for U.S. retail sales of electricity to the residential sector.

Electricity sales to the industrial sector were 3.0 percent higher during the first half of 2011 compared with the same period last year. However, a projected slower recovery in manufacturing for the remainder of this year should translate to lower year-over-year growth in industrial electricity sales of 0.6 percent during the second half. EIA expects total consumption of electricity during 2011 to grow by 0.6 percent from last year's level and by 0.2 percent in 2012 (U.S. Total Electricity Consumption Chart).

U.S. Electricity Generation. A large number of unplanned nuclear plant outages during the spring of 2011 led to the lowest second-quarter level of nuclear generation since 1999. EIA expects that total nuclear generation for 2011 will be 3.4 percent lower than last year's level. In contrast, the share of generation fueled by natural gas continues to increase, spurred by relatively low fuel costs compared with coal and continued warm summer temperatures. EIA expects the fuel share for natural gas to rise from 23.8 percent in 2010 to 24.2 percent this year and 24.9 percent in 2012 (U.S. Electricity Generation by Fuel, all Sectors Chart).

U.S. Electricity Retail Prices. Retail prices of electricity to the residential sector during the first six months of this year were generally higher than the same period in 2010. Growth in residential electricity prices should moderate during the second half. EIA expects average U.S. residential electricity prices to increase by 2.3 percent in 2011 and by 0.6 percent in 2012 (U.S. Residential Electricity Prices Chart).

Coal

U.S. Coal Consumption. EIA expects that coal consumption for electricity generation will decline by 21 million short tons (MMst) (2.1 percent) in 2011, as total electricity generation rises by 0.4 percent and generation from natural gas increases by almost 2 percent. Forecast coal consumption in the electric power sector declines an additional 22 MMst (2.3 percent) in 2012.

U.S. Coal Supply. EIA forecasts that coal production will fall by 2.2 percent in 2011 despite a significant increase in coal exports. Coal production in the Western region declined in the first half of 2011 by 2.0 percent compared to the same period the year before, while production in the Appalachian and Interior regions increased by 1.6 percent and 5.6 percent, respectively. EIA expects coal production will remain flat in 2012 (U.S. Annual Coal Production Chart).

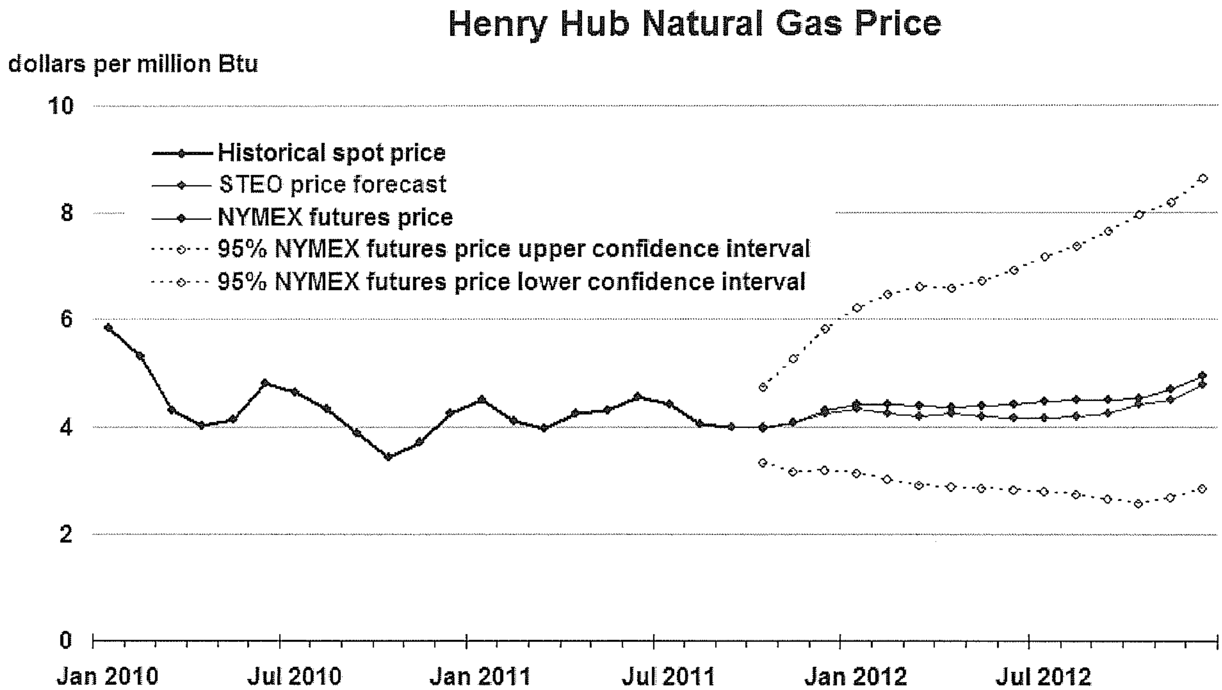
EIA expects total coal inventories to fall by 12 percent (27 MMst) in 2011, and decline by an additional 2.5 percent (4.9 MMst) in 2012 (U.S. Electric Power Sector Coal Stocks Chart).

U.S. Coal Trade. U.S. coal exports rose by about 35 percent during the first half of 2011 compared with 2010. The first half exports of 54 MMst were the highest since 1982, when exports were 57 MMst. EIA expects U.S. coal exports to remain elevated over the second half of 2011, reaching an annual total of 99 MMst. Forecast U.S. coal exports fall back to about 87 MMst in 2012 as supply from other major coal-exporting countries recovers from disruptions. EIA also expects strong global demand for coal to continue to suppress coal imports.

U.S. Coal Prices. Average delivered coal prices to the electric power sector have risen steadily over the last 10 years, with an average annual increase of 6.7 percent. EIA expects that this trend will continue in 2011, with a significant portion of the increase attributed to a sharp rise in transportation costs. The projected average delivered coal price to the electric power sector, which averaged $2.26 per MMBtu in 2010, averages $2.37 per MMBtu for 2011 and $2.36 per MMBtu for 2012.

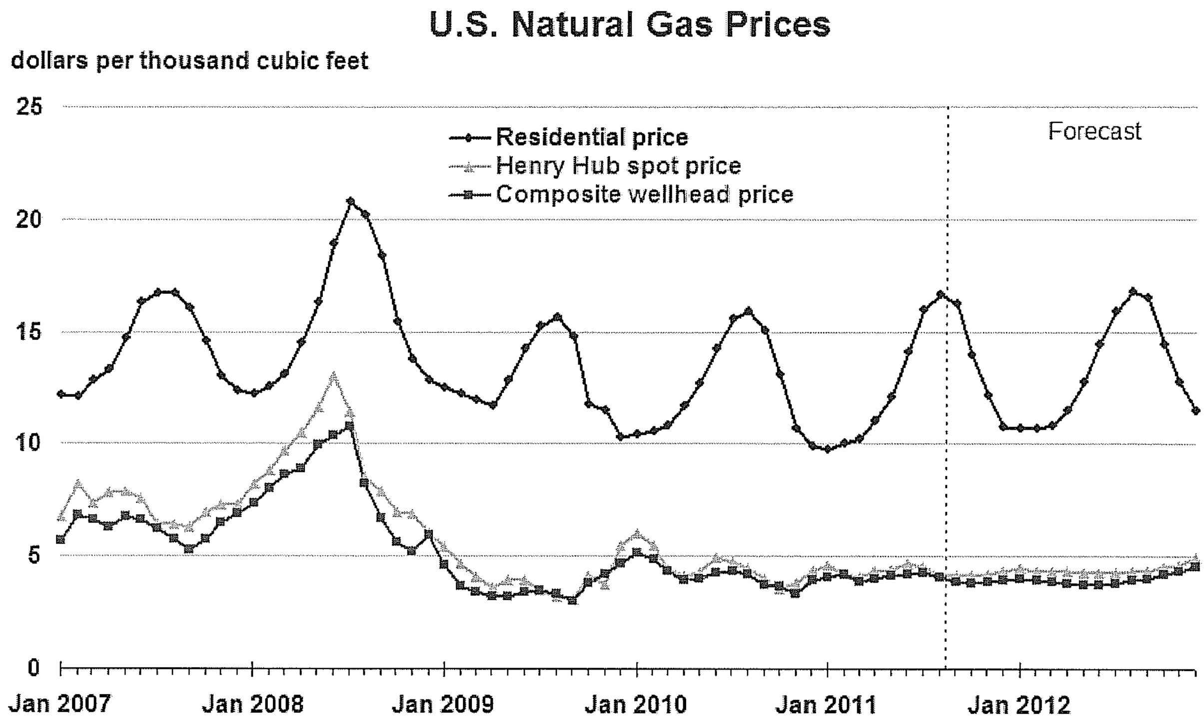
U.S. Carbon Dioxide Emissions

EIA estimates that CO_2 emissions from combusting fossil fuels increased by 3.9 percent in 2010 (U.S. Carbon Dioxide Emissions Growth Chart). Forecast fossil-fuel CO_2 emissions fall by 0.7 percent in 2011, as emission increases from higher natural gas consumption are offset by declines in coal and petroleum consumption. Increases in hydroelectric generation and other renewable energy sources in 2011 also help to mitigate emissions growth. Fossil-fuel CO_2 emissions in 2012 remain stable as expected declines in coal emissions are nearly equaled by the increases in emissions from petroleum and natural gas.

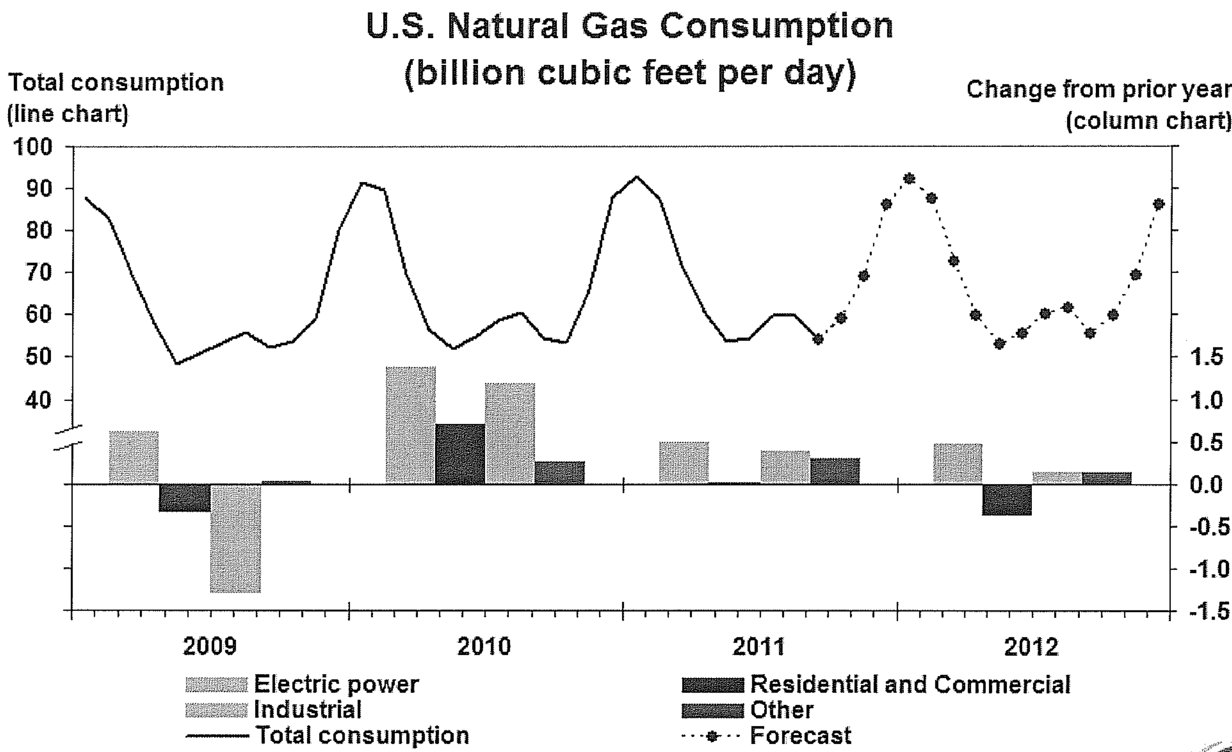


Note: Confidence interval derived from options market information for 5 trading days ending September 1, 2011
Intervals not calculated for months with sparse trading in "near-the-money" options contracts

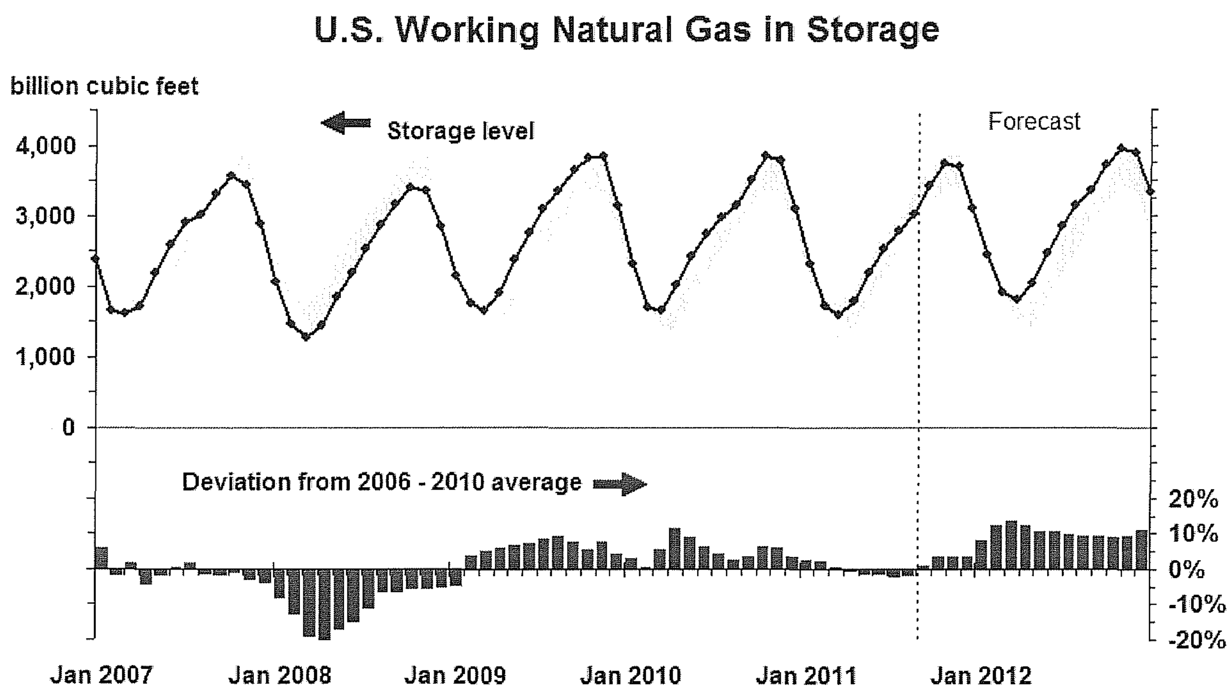
Source: Short-Term Energy Outlook, September 2011



Source: Short-Term Energy Outlook, September 2011



Source: Short-Term Energy Outlook, September 2011



Note: Colored band around storage levels represents the range between the minimum and maximum from Jan. 2006 - Dec. 2010

Source: Short-Term Energy Outlook, September 2011

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

Nova Gas Transmission LTD.

On October 4, 2010, TransCanada filed new rates for the Alberta System with the Alberta Energy and Utilities Board to be effective November 1, 2010.

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

Foothills Pipe Lines Ltd.

On December 1, 2010, TransCanada filed new rates for the Foothills Pipe Lines Ltd. System with the National Energy Board to be effective January 1, 2011.

Approximate impact on Montana-Dakota's cost of gas – (0.005) cents per dk

NorthWestern Energy Docket No. D2010.12.116

On December 23, 2010, NorthWestern Energy filed its 2011 Electric and Natural Gas State and Local Tax and Fee tracking filing in Docket No. D2010.12.116. On December 28, 2010, the Montana Public Service Commission approved rates on an interim basis effective January 1, 2011. On February 1, 2011, the Montana Public Service Commission issued an order approving these rates effective January 1, 2011.

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

Williston Basin Interstate Pipeline Company Docket No. RP11- 1829-000

On March 1, 2011, Williston Basin filed its semi-annual fuel and electric power reimbursement adjustment with the FERC in Docket No. RP11-1829-000, reflecting revisions to the fuel and electric power components of Williston Basin's transportation and storage rates to be effective April 1, 2011. On March 30, 2011, the Federal Energy Regulatory Commission issued a letter order approving these rates effective April 1, 2011.

Approximate impact on Montana-Dakota's cost of gas – (1.000) cents per dk

SourceGas Distribution LLC Docket No. 30022-148-GR-10

On February 26, 2010, SourceGas filed an application with the Wyoming Public Service Commission requesting authority to increase its retail natural gas service rates in Docket No. 30022-148-GR-10. The Commission approved a change in rates to be effective with service rendered on or after January 1, 2011.

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

SourceGas Distribution LLC Docket No. 30022-171-GP-11

On April 29, 2011, SourceGas filed an application with the Wyoming Public Service Commission requesting authority to pass on a decrease in its wholesale natural gas commodity costs in Docket No. 30022-171-GP-11. The Commission approved a change in rates to be effective with service rendered on or after June 1, 2011.

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

NOVA Gas Transmission LTD.

On May 16, 2011, TransCanada filed for approval of final rates, tolls and charges for the Alberta System services for 2011 with the National Energy Board to be effective August 1, 2011.

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

NorthWestern Energy

On May 31, 2011, NorthWestern Energy filed its Annual Gas Supply Cost True-up and Gas Transportation Adjustment Clause with the Montana Public Service Commission (Commission) in Docket No. 2011.5.36. On June 16, 2011, the Commission approved these changes to be effective August 1, 2011 on an interim basis.

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

Williston Basin Interstate Pipeline Company Docket No. RP11-2476-001

On August 31, 2011, 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 rates to be effective October 1, 2011.

Approximate impact on Montana-Dakota's cost of gas – 0.051 cents per dk

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS TARIFF SHEET
NORTH DAKOTA GAS
EFFECTIVE OCTOBER 2011

	Firm			
	Residential & General Service	Optional Seasonal	Small & Large Interruptible	Air Force Interruptible
Gas Cost Adjustment:				
Gas Cost Level (Exhibit B)	$5.176	$5.265	$4.257	$4.238
Prior Gas Cost	5.426	4.572	4.494	4.474
Current Gas Cost Adjustment	($0.250)	$0.693	($0.237)	($0.236)
Surcharge Adjustment:				
Current Adjustment (Exhibit D)	($0.032)	($0.032)	$0.064	$0.041
Prior Adjustment	(0.023)	(0.023)	(0.010)	0.031
Change in Surcharge Adjustment	($0.009)	($0.009)	$0.074	$0.010
Market Based Pricing Differential				
Current Adjustment (Exhibit F)	($0.009)	($0.009)	$0.000	$0.000
Prior Adjustment	(0.008)	(0.008)	0.000	0.000
Change in Margin Sharing Provision	($0.001)	($0.001)	$0.000	$0.000
Net Increase (Decrease) in Gas Costs	**($0.260)**	**$0.683**	**($0.163)**	**($0.226)**
Gas Cost Level	$5.176	$5.265	$4.257	$4.238
Plus: Surcharge	(0.032)	(0.032)	0.064	0.041
Total Gas Cost Level in Tariff Rates	$5.144	$5.233	$4.321	$4.279

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
RESIDENTIAL AND GENERAL SERVICE
EFFECTIVE OCTOBER 2011**

	Amount
Total Gas Costs 1/	$71,471,035
Residential and General Service dk Requirements 2/	13,869,422
Average Cost of Gas per dk	$5.153
Average Cost of Gas as Adjusted for Losses @ 99.55%	5.176
Less: Gas Cost Level in Rates 3/	5.426
Current Gas Cost Adjustment	**($0.250)**

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, 2011, adjusted for losses at .45%
3/ Gas Cost Level in Current Tariff Rates Case No. PU-11-8:

Cost of Purchased Gas	$5.402
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$5.426

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
OPTIONAL SEASONAL - RATE 72
EFFECTIVE OCTOBER 2011

Summer - June - September	
Total Gas Costs 1/	$71,471,035
Less: Annual MDDQ Costs 1/	11,690,938
Total Gas Costs excluding MDDQ	$59,780,097
Firm Service Requirements 1/	13,869,422
Other Gas Costs per Dk (excluding MDDQ)	$4.310
Summer Seasonal Rate, adjusted for losses 2/	4.329
Winter - October - May	
Annual MDDQ Costs 1/	$11,690,938
Winter Firm Service Requirements	12,563,859
MDDQ Costs per Winter Dk	$0.931
Add: Other Gas Costs per Dk	4.310
Winter Seasonal Rate	$5.241
Winter Seasonal Rate, adjusted for losses 2/	$5.265
Less: Gas Cost Level in Rates 3/	4.572
Current Gas Cost Adjustment	**$0.693**

1/ Exhibit B, page 1.
2/ Loss factor of .45%.
3/ Gas Cost Level in Current Tariff Rates Case No. PU-11-8:

	Summer	Winter
Cost of Purchased Gas	$4.551	$5.490
Adjustment for Distribution Losses	0.9955	0.9955
Gas Cost Level in Base Tariff Rates	$4.572	$5.515

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
INTERRUPTIBLE
EFFECTIVE OCTOBER 2011

	Amount
Total Gas Costs 1/	$14,843,647
Interruptible Service dk Requirements	3,502,739
Average Cost of Gas per dk	$4.238
Average Cost of Gas as Adjusted for Losses @ 99.55%	4.257
Less: Gas Cost Level in Rates 2/	4.494
Current Gas Cost Adjustment	**($0.237)**

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-11-8:

Cost of Purchased Gas	$4.474
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$4.494

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
EFFECTIVE OCTOBER 2011

	Amount
Total Gas Costs 1/	$3,729,193
Air Force Interruptible dk Requirements	880,000
Average Cost of Gas per dk	$4.238
Less: Gas Cost Level in Rates 2/	4.474
Current Gas Cost Adjustment	**($0.236)**

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-11-8:
Cost of Purchased Gas $4.474

Montana-Dakota Utilities Co.
Schedule of Applicable Effective Pipeline Rates
October 2011 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, page 9 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, pages 10-11 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	0.180	N.A.	N.A.	3.300
MINIMUM A/B/	RATE PER DKT	3.120	0.180	N.A.	N.A.	3.300
SCHEDULED OVERRUN CHARGE						
MAXIMUM A/B/	RATE PER DKT	30.884	0.180	N.A.	N.A.	31.064
MINIMUM A/B/	RATE PER DKT	3.120	0.180	N.A.	N.A.	3.300
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 3.261%, CONSISTING OF 3.450% FOR THE CURRENT PERCENTAGE AND (0.189%) 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 1.098 CENTS, CONSISTING OF 0.962 CENTS FOR THE CURRENT RATE AND 0.136 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)

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

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 0.095%, CONSISTING OF 0.361% FOR THE CURRENT PERCENTAGE AND (0.266%) 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 0.000 CENTS FOR THE CURRENT RATE AND (0.182) 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.

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 in this section are subject to the revenue retrieval provision pursuant to Article X of the Stipulation at Docket No. RP06-72-000, et al.

Service	Rates, Tolls and Charges
1. Rate Schedule FT-R	Refer to Attachment "1" for applicable FT-R Demand Rate per month based on a three year term (Price Point "B") & Surcharge for each Receipt Point Average Firm Service Receipt Price (AFSRP) $ 191.49/10^3m^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	Refer to Attachment "2" for applicable FT-D Demand Rate per month based on a one year term (Price Point "Z") & Surcharge for each Group 1 or Group 2 Delivery Point. Average FT-D Demand Rate for Group 1 Delivery Points $ 5.97/GJ FT-D Demand Rate for Group 2 Delivery Points [1] $ 1.74/GJ FT-D Demand Rate for Group 3 Delivery Points [2] N/A
4. Rate Schedule STFT	STFT Bid Price = Minimum of 100% of the applicable FT-D Demand Rate based on a one year term (Price Point "Z") for each Group 1 Delivery Point
5. Rate Schedule FT-DW	FT-DW Bid Price = Minimum of 125% of the applicable FT-D Demand Rate based on a three year term (Price Point "Y") for each Group 1 Delivery Point
6. Rate Schedule FT-P	Refer to Attachment "3" for applicable FT-P Demand Rate per month
7. Rate Schedule LRS	Contract Term — Effective LRS Rate ($/$10^3m^3$/day) 1-5 years — 10.64 6-10 years — 8.89 15 years — 7.97 20 years — 7.08
8. Rate Schedule LRS-2	LRS-2 Rate per month $ 50,000
9. Rate Schedule LRS-3	LRS-3 Demand Rate per month $ 129.55/10^3m^3
10. Rate Schedule IT-R	Refer to Attachment "1" for applicable IT-R Rate for each Receipt Point
11. Rate Schedule IT-D	Refer to Attachment "2" for applicable IT-D Rate for each Delivery Point
12. Rate Schedule FCS	The FCS Charge is determined in accordance with Attachment "1" to the applicable Schedule of Service
13. Rate Schedule PT	Schedule No — PT Rate — PT Gas Rate 9006-01000-0 — $ 60.50/d — 1.0 10^3m^3/d 9009-01001-1 — $ 660.00/d — 50.0 10^3m^3/d
14. Rate Schedule OS	Schedule No. — Charge 2011462247 — $ 27.00 / month 2011462241 — $ 7.00 / month 2011462238 — $ 20.00 / month 2011462242 — $ 3.00 / month 2011462243 — $ 1.00 / month 2011462244 — $ 32.00 / month 2011462240 — $ 1.00 / month 2011462245 — $ 1,985.00 / month 2011462252 — $ 3.00 / month 2011462239 — $ 56.00 / month 2011462248 — $ 135.00 / month 2011462249 — $ 75.00 / month 2011462246 — $ 11.00 / month 2011462250 — $ 207.00 / month 2011462251 — $ 204.00 / month 2011463220 — $ 392.00 / month 2003004522 — $ 83,333.00 / month
15. Rate Schedule CO_2	Tier — CO_2 Rate ($/$10^3m^3$) 1 — 505.25 2 — 399.89 3 — 261.29

1. Rate for all Group 2 Delivery Points with the exception of Alberta-Montana, Cold Lake and Unity.
2. FT-D Service at Group 3 Delivery Points not available until the Integration Effective Date.

NOVA Gas Transmission Ltd.

Group 1 Delivery Point Number	Group 1 Delivery Point Name	FT-D Demand Rate per Month Price Point "Z" ($/GJ)	IT-D Rate per Day ($/GJ)
2000	ALBERTA-B.C. BORDER	5.95	0.2150
3002	BOUNDARY LAKE BORDER	4.37	0.1581
1958	EMPRESS BORDER	6.03	0.2181
3886	GORDONDALE BORDER	4.37	0.1581
6404	MCNEILL BORDER	6.03	0.2181

Group 2 Delivery Point Number	Group 2 Delivery Point Name	FT-D Demand Rate per Month Price Point "Z" ($/GJ)	IT-D Rate per Day ($/GJ)
3880	AECO INTERCONNECTION	1.74	0.0628
3868	ALBERTA-MONTANA	4.37	0.1581
3059	ALLISON CREEK SALES	1.74	0.0628
3562	AMOCO SALES (BP SALES TAP)	1.74	0.0628
3488	ARDLEY SALES	1.74	0.0628
3943	ATUSIS CREEK INTERCONNECTION	1.74	0.0628
3135	AURORA SALES	1.74	0.0628
3423	BASHAW WEST SALES	1.74	0.0628
3068	BEAVER HILLS SALES	1.74	0.0628
3933	BIG EDDY INTERCONNECTION	1.74	0.0628
3067	BIGSTONE SALES	1.74	0.0628
3887	BITTERN LAKE INTERCONNECTION	1.74	0.0628
3468	BLEAK LAKE SALES	1.74	0.0628
3471	BLUE RIDGE EAST SALES	1.74	0.0628
3164	BRAINARD LAKE SALES	1.74	0.0628
2364	BROWNVALE SALES	1.74	0.0628
3918	BUFFALO CREEK INTERCONNECTION	1.74	0.0628
3109	CALDWELL SALES	1.74	0.0628
3634	CANOE LAKE SALES	1.74	0.0628
3165	CANOE LK SLS #2	1.74	0.0628
3866	CARBON INTERCONNECTION	1.74	0.0628
3484	CARIBOU LAKE SALES	1.74	0.0628
3157	CARIBOU LK SOUTH SL	1.74	0.0628
3106	CARMON CREEK SALES	1.74	0.0628
3101	CAROLINE SALES	1.74	0.0628
3893	CARROT CREEK INTERCONNECTION	1.74	0.0628
3495	CAVALIER SALES	1.74	0.0628
3907	CHANCELLOR INTERCONNECTION	1.74	0.0628
3151	CHEECHAM W. #2 SALES	1.74	0.0628
3622	CHEECHAM WEST SALES	1.74	0.0628
6014	CHEVRON AURORA SALES	1.74	0.0628
3097	CHICKADEE CREEK SALES	1.74	0.0628
3305	CHIGWELL NORTH SALES	1.74	0.0628
3496	CHIPEWYAN RIVER SALES	1.74	0.0628
3163	CHRISTINA LAKE NORTH SALES	1.74	0.0628
3158	CLYDE N SALES	1.74	0.0628
1417	COLD LAKE BDR	4.37	0.1581
3052	COLEMAN SALES	1.74	0.0628
3168	COLLICUTT SALES	1.74	0.0628
3904	CONKLIN WEST INTERCONNECTION	1.74	0.0628
3416	COUSINS A SALES	1.74	0.0628
1963	COUSINS B & C SALES	1.74	0.0628
3483	CRAMMOND SALES	1.74	0.0628
3105	CRANBERRY LAKE SALES	1.74	0.0628

NATURAL GAS TARIFF

NorthWestern Energy

	26th	Revised	Sheet No.	80.1
Canceling	25th	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	$ 103.60
10,001 to 30,000	$ 148.95
>30,000	$ 330.50

PLUS:

Transmission Reservation Rate (Monthly Rate per MDDQ):

Maximum Monthly Reservation Rate for Maximum Daily Delivery Quantity (MDDQ)	$ 0.8469517

Transmission Commodity Rate (Monthly Rate per Therm):

Maximum	$ 0.0064180
Minimum	$ 0.0017935
GTAC Amortization	$ (0.0011145)
Balancing Penalty Rate	Higher of $25.00/ Dekatherm 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)

Staff Approved: July 27, 2011
Accepted as filed. No Commission action required.
Tariff Letter No. 194-G

Effective for service rendered on or after
August 1, 2011

PUBLIC SERVICE COMMISSION
Aleisha Solem 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 N
Original Sheet No. 1

Effective Date: January 10,

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

South Dakota Intrastate Pipeline Company SD P.U.C. Section No. 4

PUBLIC SERVICE COMMISSION OF WYOMING

SourceGas Distribution LLC

Wyo. P.S.C. Tariff No. 5
Third Revised Sheet No. 12
Cancels Second Revised 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

Division	Receipt Point	Delivery Point	Monthly Customer Charge	Maximum Transportation Charge 2/	Minimum Transportation Charge 2/	Fuel Reimbursement Quantity Percentage 3/
TC (Casper) Firm Transportation	MLI	MLI	$0.00	$0.1040	$0.0010	0.885%
	MLI	MLE	$145.00	$0.1040	$0.0010	0.885%
	MLI	DSE	$225.00	$0.1978	$0.0020	2.425%
Interruptible Transportation 4/	MLI	MLI	$0.00	$0.0844	$0.0010	0.885%
	MLI	MLE	$145.00	$0.0844	$0.0010	0.885%
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 therm.

3/ For fuel, lost and unaccounted for gas, the Company shall be entitled to retain the stated percentage of all therms received for transportation, unless otherwise agreed in writing. On or before March 1 of each year, the Company shall file with the Commission an application to revise the stated percentage to be effective June 1 of that year through May 31 of the following year. The Company shall calculate the stated percentage using not less than twelve (12) consecutive months of actual data.

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: March 1, 2011
By: William N. Cantrell

Date Effective: June 1, 2011
Title: President and CEO

MONTANA-DAKOTA UTILITIES CO.
RETURN ON CYCLE STORAGE BALANCES
AND PREPAID DEMAND AND COMMODITY BALANCES
NORTH DAKOTA GAS
EFFECTIVE OCTOBER 2011

	General Service		
	Storage Balance 1/	Prepaid Commodity Balance 2/	Prepaid Demand
October 2010	$13,431,294	$653,606	$3,048,451
November	11,876,668	567,703	2,461,969
December	8,556,380	397,067	1,152,656
January 2011	3,966,541	182,321	(456,011)
February	(133,314)	9,455	(1,401,828)
March	(2,407,628)	(89,440)	(1,998,493)
April	(2,497,820)	(105,952)	(1,790,169)
May	(932,105)	(61,554)	(1,065,011)
June	1,888,121	35,407	(70,917)
July	5,304,430	148,418	963,044
August	9,133,356	338,234	1,983,516
September	11,727,163	674,151	2,788,108
October	12,824,591	717,901	3,038,230
13 month average	$5,595,206	$266,717	$665,657
Rate of Return	8.791%	8.791%	8.791%
Return	$491,875	$23,447	$58,518
Return Requirement	$677,021	$32,273	$80,545

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, 2011 THROUGH SEPTEMBER 30, 2012

(Over)/under recovered gas costs @ July 31, 2011			($469,960)
Less: Projected recovery from rates already established			
	Volume	Rate	Amount
August	266,000	($0.023)	(6,118)
September	460,000	(0.023)	(10,580)
	726,000		(16,698)
Additional recovery required			($453,262)
Projected sales volumes (dk)			
October 2011		950,000	
November		1,710,000	
December		2,362,000	
January 2012		2,596,000	
February		2,081,000	
March		1,704,000	
April		1,020,000	
May		533,000	
June		294,000	
July		249,000	
August		266,000	
September		460,000	
Total			14,225,000
Total (over)/under recovered gas cost adjustment to be effective October 1, 2011 through September 30, 2012			**($0.032)**

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012

	Volume	Rate	Amount
(Over)/under recovered gas costs @ July 31, 2011			$48,803
Less: Projected recovery from rates already established			
August	29,000	($0.010)	(290)
September	37,000	(0.010)	(370)
	66,000		(660)
Additional recovery required			$49,463
Projected sales volumes (dk)			
October 2011		38,000	
November		50,000	
December		88,000	
January 2012		108,000	
February		105,000	
March		103,000	
April		93,000	
May		56,000	
June		39,000	
July		30,000	
August		29,000	
September		37,000	
Total			776,000
Total (over)/under recovered gas cost adjustment to be effective October 1, 2011 through September 30, 2012			**$0.064**

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012

(Over)/under recovered gas costs @ July 31, 2011			$19,988
Less: Projected recovery from rates already established			
	Volume	Rate	Amount
August	3,000	$0.031	93
September	5,000	0.031	155
	8,000		248
Additional recovery required			$19,740
Projected sales volumes (dk)			
October 2011		13,000	
November		28,000	
December		56,000	
January 2012		80,000	
February		85,000	
March		67,000	
April		71,000	
May		41,000	
June		22,000	
July		8,000	
August		3,000	
September		5,000	
Total			479,000
Total (over)/under recovered gas cost adjustment to be effective October 1, 2011 through September 30, 2012			**$0.041**

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

	(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, 2010									**($695,379)**
August	($305,149)	$0	($94)	($305,243)	253,885	($0.515)	($130,750)	($174,493)	(869,872)
September	(418,566)	29,770 2/	(108)	(388,904)	283,887	(0.515)	(146,202)	(242,702)	(1,112,574)
October	(107,579)	0	(121)	(107,700)	428,232	(0.023)	(146,040) 3/	38,340	(1,074,234)
November	369,998	0	(126)	369,872	828,788	(0.023)	(19,062)	388,934	(685,300)
December	(144,842)	0	(80)	(144,922)	2,130,965	(0.023)	(49,013)	(95,909)	(781,209)
January 2011	813,114	0	(98)	813,016	2,578,993	(0.023)	(59,316)	872,332	91,123
February	155,961	0	6	155,967	2,319,888	(0.023)	(53,357)	209,324	300,447
March	(563,811)	0	16	(563,795)	2,484,896	(0.023)	(57,153)	(506,642)	(206,195)
April	(519,943)	0	(106)	(520,049)	1,537,156	(0.023)	(35,355)	(484,694)	(690,889)
May	15,795	0	72 4/	15,867	954,575	(0.023)	(21,955)	37,822	(653,067)
June	32,445	0	(22)	32,423	537,799	(0.023)	(12,370)	44,793	(608,274)
July	132,020	0	(20)	132,000	274,550	(0.023)	(6,314)	138,314	(469,960)
	($540,557)	$29,770	($681)	($511,468)	14,613,614		($736,887)	$225,419	
Balance @ July 31, 2011									**($469,960)**

1/ Interest calculated at the 90 day Treasury Note rate.
2/ True-up related to August gas costs.
3/ Reflects 276,812.1 Dk @ ($0.515) and 151,420 Dk @ ($0.023).
4/ Includes true-up for April interest calculation error.

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

	(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, 2010									**($18,649)**
August	$9,163	$0	($3)	$9,160	29,023	($0.152)	($4,411)	$13,571	(5,078)
September	(15,678)	(11,373) 2/	(1)	(27,052)	37,408	(0.152)	(5,686)	(21,366)	(26,444)
October	(34,715)	0	(3)	(34,718)	37,752	(0.010)	(5,698) 3/	(29,020)	(55,464)
November	30,228	0	(6)	30,222	50,009	(0.010)	(500)	30,722	(24,742)
December	(30,216)	0	(3)	(30,219)	87,608	(0.010)	(876)	(29,343)	(54,085)
January 2010	55,493	0	(7)	55,486	108,571	(0.010)	(1,086)	56,572	2,487
February	16,744	0	0	16,744	105,563	(0.010)	(1,056)	17,800	20,287
March	14,793	0	1	14,794	102,654	(0.010)	(1,026)	15,820	36,107
April	(23,935)	0	18	(23,917)	92,456	(0.010)	(924)	(22,993)	13,114
May	17,915	0	(16) 4/	17,899	56,158	(0.010)	(562)	18,461	31,575
June	460	0	1	461	38,613	(0.010)	(386)	847	32,422
July	16,077	0	1	16,078	30,256	(0.010)	(303)	16,381	48,803
	$56,329	($11,373)	($18)	$44,938	776,071		($22,514)	$67,452	
Balance @ July 31, 2011									**$48,803**

1/ Interest calculated at 90 day Treasury Note rate.
2/ True-up related to August gas costs.
3/ Reflects 37,464.9 Dk @ ($0.152) and 287.3 Dk @ ($0.010).
4/ Includes true-up for April interest calculation error.

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, 2010									**$14,139**
August	($14,595)	$0	$2	($14,593)	3,296	$0.024	$79	($14,672)	(533)
September	(16,382)	2,449 2/	0	(13,933)	5,317	0.024	128	(14,061)	(14,594)
October	(12,118)	0	(2)	(12,120)	12,771	0.031	306 3/	(12,426)	(27,020)
November	10,050	0	(3)	10,047	27,693	0.031	859	9,188	(17,832)
December	(18,781)	0	(2)	(18,783)	56,480	0.031	1,751	(20,534)	(38,366)
January 2011	41,278	0	(5)	41,273	80,326	0.031	2,490	38,783	417
February	13,090	0	0	13,090	84,594	0.031	2,622	10,468	10,885
March	10,746	0	1	10,747	66,983	0.031	2,076	8,671	19,556
April	(19,084)	0	10	(19,074)	70,573	0.031	2,188	(21,262)	(1,706)
May	12,815	0	(9) 4/	12,806	40,691	0.031	1,261	11,545	9,839
June	3,913	0	0	3,913	22,418	0.031	695	3,218	13,057
July	7,176	0	0	7,176	7,917	0.031	245	6,931	19,988
	$18,108	$2,449	($8)	$20,549	479,059		$14,700	$5,849	
Balance @ July 31, 2011									**$19,988**

1/ Interest calculated at 90 day Treasury Note rate.
2/ True-up related to August gas costs.
3/ Reflects 12,770.8 Dk @ $0.024.
4/ Includes true-up for April interest calculation error.

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

	Residential and Firm General					
	1/	2/	3/	Total	Seasonal	Total
August 2010						
Cost of Gas - Actual	$3.61435	$4.76590	$3.61435		$4.81110	
Cost of Gas - Recovered	5.61700	5.14300	5.14300		4.27300	
(Over) Under recovery per dk	($2.00265)	($0.37710)	($1.52865)		$0.53810	
dk billed	85,474	102,232	63,401	251,107	2,778	253,885
(Over) Under recovery	($171,175)	($38,552)	($96,917)	($306,644)	$1,495	($305,149)
September 2010						
Cost of Gas - Actual	$4.40622	$3.61435	$4.40622		$3.52306	
Cost of Gas - Recovered	5.33300	5.61700	5.61700		4.75700	
(Over) Under recovery per dk	($0.92678)	($2.00265)	($1.21078)		($1.23394)	
dk billed	104,012	131,767	46,393	282,172	1,715	283,887
(Over) Under recovery	($96,396)	($263,883)	($56,171)	($416,450)	($2,116)	($418,566)
October 2010						
Cost of Gas - Actual	$5.15304	$4.40622	$5.15304		$4.09533	
Cost of Gas - Recovered	4.32100	5.33300	5.33300		4.47800	
(Over) Under recovery per dk	$0.83204	($0.92678)	($0.17996)		($0.38267)	
dk billed	151,420	245,906	30,392	427,718	514	428,232
(Over) Under recovery	$125,987	($227,901)	($5,469)	($107,383)	($196)	($107,579)
November 2010						
Cost of Gas - Actual	$4.63501	$5.15304	$4.63501		$4.74016	
Cost of Gas - Recovered	4.96400	4.32100	4.32100		4.41600	
(Over) Under recovery per dk	($0.32899)	$0.83204	$0.31401		$0.32416	
dk billed	264,529	540,202	23,930	828,661	127	828,788
(Over) Under recovery	($87,027)	$449,470	$7,514	$369,957	$41	$369,998
December 2010						
Cost of Gas - Actual	$5.06651	$4.63501	$5.06651		$5.24517	
Cost of Gas - Recovered	4.66000	4.96400	4.96400		5.12000	
(Over) Under recovery per dk	$0.40651	($0.32899)	$0.10251		$0.12517	
dk billed	697,039	1,333,027	100,225	2,130,291	674	2,130,965
(Over) Under recovery	$283,353	($438,553)	$10,274	($144,926)	$84	($144,842)
January 2011						
Cost of Gas - Actual	$5.24575	$5.06651	$5.24575		$5.39556	
Cost of Gas - Recovered	5.14200	4.66000	4.66000		4.75500	
(Over) Under recovery per dk	$0.10375	$0.40651	$0.58575		$0.64056	
dk billed	850,658	1,604,237	123,557	2,578,452	541	2,578,993
(Over) Under recovery	$88,256	$652,138	$72,373	$812,767	$347	$813,114

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

	Residential and Firm General					
	1/	2/	3/	Total	Seasonal	Total
February 2011						
Cost of Gas - Actual	$5.26471	$5.24575	$5.26471		$5.54206	
Cost of Gas - Recovered	5.29900	5.14200	5.14200		5.23800	
(Over) Under recovery per dk	($0.03429)	$0.10375	$0.12271		$0.30406	
dk billed	626,607	1,606,145	86,493	2,319,245	643	2,319,888
(Over) Under recovery	($21,487)	$166,638	$10,614	$155,765	$196	$155,961
March 2011						
Cost of Gas - Actual	$4.93041	$5.26471	$4.93041		$5.28791	
Cost of Gas - Recovered	5.46500	5.29900	5.29900		5.39400	
(Over) Under recovery per dk	($0.53459)	($0.03429)	($0.36859)		($0.10609)	
dk billed	879,415	1,489,509	115,451	2,484,375	521	2,484,896
(Over) Under recovery	($470,126)	($51,075)	($42,555)	($563,756)	($55)	($563,811)
April 2011						
Cost of Gas - Actual	$5.21488	$4.93041	$5.21488		$5.58407	
Cost of Gas - Recovered	5.15100	5.46500	5.46500		5.56100	
(Over) Under recovery per dk	$0.06388	($0.53459)	($0.25012)		$0.02307	
dk billed	486,705	1,013,769	36,342	1,536,816	340	1,537,156
(Over) Under recovery	$31,091	($541,951)	($9,090)	($519,950)	$7	($519,943)
May 2011						
Cost of Gas - Actual	$5.30775	$5.21488	$5.30775		$5.69767	
Cost of Gas - Recovered	5.42600	5.15100	5.15100		5.24700	
(Over) Under recovery per dk	($0.11825)	$0.06388	$0.15675		$0.45067	
dk billed	278,716	617,142	58,286	954,144	431	954,575
(Over) Under recovery	($32,958)	$39,423	$9,136	$15,601	$194	$15,795
June 2011						
Cost of Gas - Actual	$5.36600	$5.30775	$5.69539		$5.64207	
Cost of Gas - Recovered	5.42600	5.42600	5.42600		5.51500	
(Over) Under recovery per dk	($0.06000)	($0.11825)	$0.26939		$0.12707	
dk billed	0	289,170	246,268	535,438	2,361	537,799
(Over) Under recovery	$0	($34,194)	$66,339	$32,145	$300	$32,445
July 2011						
Cost of Gas - Actual	$6.07399	$5.69539	$6.07399		$4.66900	
Cost of Gas - Recovered	5.42600	5.42600	5.42600		4.57200	
(Over) Under recovery per dk	$0.64799	$0.26939	$0.64799		$0.09700	
dk billed	0	115,355	155,185	270,540	4,010	274,550
(Over) Under recovery	$0	$31,075	$100,557	$131,632	$388	$132,020

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
August 2010				
Cost of Gas - Actual	$4.28943	$4.50275	$4.28943	
Cost of Gas - Recovered	4.67400	4.18500	4.18500	
(Over) Under recovery per dk	($0.38457)	$0.31775	$0.10443	
dk billed	1	28,749	273	29,023
(Over) Under recovery	$0	$9,135	$28	$9,163
September 2010				
Cost of Gas - Actual	$3.44449	$4.28943	$3.44449	
Cost of Gas - Recovered	4.39700	4.67400	4.67400	
(Over) Under recovery per dk	($0.95251)	($0.38457)	($1.22951)	
dk billed	1	35,878	1,529	37,408
(Over) Under recovery	($1)	($13,797)	($1,880)	($15,678)
October 2010				
Cost of Gas - Actual	$4.00710	$3.44449	$4.00710	
Cost of Gas - Recovered	3.38600	4.39700	4.39700	
(Over) Under recovery per dk	$0.62110	($0.95251)	($0.38990)	
dk billed	287	36,056	1,409	37,752
(Over) Under recovery	$178	($34,344)	($549)	($34,715)
November 2010				
Cost of Gas - Actual	$3.70361	$4.00710	$3.70361	
Cost of Gas - Recovered	4.02800	3.38600	3.38600	
(Over) Under recovery per dk	($0.32439)	$0.62110	$0.31761	
dk billed	501	48,326	1,182	50,009
(Over) Under recovery	($162)	$30,015	$375	$30,228
December 2010				
Cost of Gas - Actual	$4.21916	$3.70361	$4.21916	
Cost of Gas - Recovered	3.70200	4.02800	4.02800	
(Over) Under recovery per dk	$0.51716	($0.32439)	$0.19116	
dk billed	1,351	91,947	(5,690)	87,608
(Over) Under recovery	$699	($29,827)	($1,088)	($30,216)
January 2011				
Cost of Gas - Actual	$4.34964	$4.21916	$4.34964	
Cost of Gas - Recovered	4.19000	3.70200	3.70200	
(Over) Under recovery per dk	$0.15964	$0.51716	$0.64764	
dk billed	1,571	107,717	(717)	108,571
(Over) Under recovery	$250	$55,707	($464)	$55,493

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

	1/	2/	3/	Total
February 2011				
Cost of Gas - Actual	$4.49277	$4.34964	$4.49277	
Cost of Gas - Recovered	4.33700	4.19000	4.19000	
(Over) Under recovery per dk	$0.15577	$0.15964	$0.30277	
dk billed	1,211	105,077	(725)	105,563
(Over) Under recovery	$188	$16,775	($219)	$16,744
March 2011				
Cost of Gas - Actual	$4.23362	$4.49277	$4.23362	
Cost of Gas - Recovered	4.50400	4.33700	4.33700	
(Over) Under recovery per dk	($0.27038)	$0.15577	($0.10338)	
dk billed	1,950	99,292	1,412	102,654
(Over) Under recovery	($527)	$15,466	($146)	$14,793
April 2011				
Cost of Gas - Actual	$4.51936	$4.23362	$4.51936	
Cost of Gas - Recovered	4.20400	4.50400	4.50400	
(Over) Under recovery per dk	$0.31536	($0.27038)	$0.01536	
dk billed	1,065	89,855	1,536	92,456
(Over) Under recovery	$336	($24,295)	$24	($23,935)
May 2011				
Cost of Gas - Actual	$4.63996	$4.51936	$4.63996	
Cost of Gas - Recovered	4.49400	4.20400	4.20400	
(Over) Under recovery per dk	$0.14596	$0.31536	$0.43596	
dk billed	425	53,441	2,292	56,158
(Over) Under recovery	$62	$16,853	$999	$17,914
June 2011				
Cost of Gas - Actual	$5.03085	$4.63996	$5.03085	
Cost of Gas - Recovered	4.49400	4.49400	4.49400	
(Over) Under recovery per dk	$0.53685	$0.14596	$0.53685	
dk billed	0	51,856	(13,243)	38,613
(Over) Under recovery	$0	$7,569	($7,109)	$460
July 2011				
Cost of Gas - Actual	$4.82929	$5.03085	$4.82929	
Cost of Gas - Recovered	4.49400	4.49400	4.49400	
(Over) Under recovery per dk	$0.33529	$0.53685	$0.33529	
dk billed	0	29,433	823	30,256
(Over) Under recovery	$0	$15,801	$276	$16,077

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

	1/	2/	Total
August 2010			
Cost of Gas - Actual	($0.27739)	$1.57585	
Cost of Gas - Recovered	4.16600	4.16600	
(Over) Under recovery per dk	($4.44339)	($2.59015)	
dk billed	3,268	28	3,296
(Over) Under recovery	($14,522)	($73)	($14,595)
September 2010			
Cost of Gas - Actual	$1.57585	$3.42913	
Cost of Gas - Recovered	4.65200	4.65200	
(Over) Under recovery per dk	($3.07615)	($1.22287)	
dk billed	5,331	(14)	5,317
(Over) Under recovery	($16,399)	$17	($16,382)
October 2010			
Cost of Gas - Actual	$3.42913	$3.73613	
Cost of Gas - Recovered	4.37700	4.37700	
(Over) Under recovery per dk	($0.94787)	($0.64087)	
dk billed	12,812	(41)	12,771
(Over) Under recovery	($12,144)	$26	($12,118)
November 2010			
Cost of Gas - Actual	$3.73613	$3.68721	
Cost of Gas - Recovered	3.37100	3.37100	
(Over) Under recovery per dk	$0.36513	$0.31621	
dk billed	26,421	1,272	27,693
(Over) Under recovery	$9,648	$402	$10,050
December 2010			
Cost of Gas - Actual	$3.68721	$4.20030	
Cost of Gas - Recovered	4.01000	4.01000	
(Over) Under recovery per dk	($0.32279)	$0.19030	
dk billed	57,551	(1,071)	56,480
(Over) Under recovery	($18,577)	($204)	($18,781)
January 2011			
Cost of Gas - Actual	$4.20030	$4.32934	
Cost of Gas - Recovered	3.68500	3.68500	
(Over) Under recovery per dk	$0.51530	$0.64434	
dk billed	81,210	(884)	80,326
(Over) Under recovery	$41,848	($570)	$41,278

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

	1/	2/	Total
February 2011			
Cost of Gas - Actual	$4.32934	$4.47283	
Cost of Gas - Recovered	4.17100	4.17100	
(Over) Under recovery per dk	$0.15834	$0.30183	
dk billed	86,714	(2,120)	84,594
(Over) Under recovery	$13,730	($640)	$13,090
March 2011			
Cost of Gas - Actual	$4.47283	$4.21476	
Cost of Gas - Recovered	4.31700	4.31700	
(Over) Under recovery per dk	$0.15583	($0.10224)	
dk billed	68,178	(1,195)	66,983
(Over) Under recovery	$10,624	$122	$10,746
April 2011			
Cost of Gas - Actual	$4.21476	$4.49927	
Cost of Gas - Recovered	4.48400	4.48400	
(Over) Under recovery per dk	($0.26924)	$0.01527	
dk billed	70,863	(290)	70,573
(Over) Under recovery	($19,079)	($5)	($19,084)
May 2011			
Cost of Gas - Actual	$4.49927	$4.65392	
Cost of Gas - Recovered	4.18500	4.18500	
(Over) Under recovery per dk	$0.31427	$0.46892	
dk billed	40,517	174	40,691
(Over) Under recovery	$12,733	$82	$12,815
June 2011			
Cost of Gas - Actual	$4.65392	$5.39753	
Cost of Gas - Recovered	4.47400	4.47400	
(Over) Under recovery per dk	$0.17992	$0.92353	
dk billed	22,580	(162)	22,418
(Over) Under recovery	$4,063	($150)	$3,913
July 2011			
Cost of Gas - Actual	$5.39753	$6.11845	
Cost of Gas - Recovered	4.47400	4.47400	
(Over) Under recovery per dk	$0.92353	$1.64445	
dk billed	8,106	(189)	7,917
(Over) Under recovery	$7,486	($310)	$7,176

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, 2011 THROUGH SEPTEMBER 30, 2012

Balance of Accumulated Revenues 1/	$133,282
Projected Residential & General Service Sales Volumes	14,225,000
Market Based Pricing Differential Provision	$0.009

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