



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

October 10, 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-09-____

In accordance with North Dakota Century Code Section 49-05-05, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits an original and seven (7) copies of a Cost of Gas (COG) – Propane change pursuant to the terms of Rate 99.

Montana-Dakota will not seek a cost of gas (COG) adjustment change for the month of November 2011. The COG Adjustment tariff (Rate 88), Section 2(b) provides that "Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 10 (ten) cents per dk." The COG adjustment for the month of November 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 COG adjustment change for the month of November 2011.

Attachment A is the Rate Summary Sheet (98th Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered November 1, 2011.

Montana-Dakota purchases propane supplies from various wholesale suppliers. The cost of propane has increased since the last COG filing due to an increase in the market price of propane. Attachment B explains the reasons for the increase in the market price of propane.

Exhibit A, page 1 summarizes the cost of gas – propane calculated pursuant to the terms of Rate 99, which will apply during the month of November 2011. The cost of gas - propane has increased \$1.646 per dk and the market based pricing differential credit increased by \$0.001 per dk for a net increase of \$1.645 per dk for all customers from the currently effective rates.

Exhibit A, page 2 shows the calculation of the current cost of gas – propane that will be applicable to Montana-Dakota's customers for the month of November 2011. The average cost of propane for all customers, adjusted for losses, is \$16.467 per dk.

This proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$5,100 for propane customers during the month of November 2011. All of Montana-Dakota's propane customers in North Dakota may be affected by this proposal. There were 332 propane customers in North Dakota as of September 30, 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:

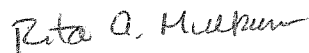
Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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 the monthly COG.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Rita A. Mulkern
Regulatory 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

NDPSC Volume 7
 98th Revised Sheet No. 3
 Canceling 97th 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	\$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	\$16.969	\$17.781
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	\$16.969	\$17.566

Date Filed: October 10, 2011

Effective Date:

Issued By: Tamie A. Aberle
 Regulatory Affairs Manager

Case No.:

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
November 2011**

Montana-Dakota uses three regional bulk wholesale propane suppliers for obtaining the lowest prices for Hettinger customers. Each time Montana-Dakota purchases propane, it requests a price quote from each supplier for a specific delivery date and quantity in truckloads, delivering 8,000 to 12,000 gallons. Montana-Dakota selects the lowest price, all other things being equal.

The October prices for propane have increased from the previous level. A change in the price of propane is generally driven by a combination of crude oil prices, weather, demand and inventory levels. As seasonal usage increases, this has resulted in an increase in the price of propane.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on Energy issues. The information is available on their website:
<http://www.eia.doe.gov>

**MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE TARIFF SHEET
NORTH DAKOTA PROPANE
EFFECTIVE NOVEMBER 2011**

Cost of Gas - Propane

Current Propane Cost (Exhibit A)	\$16.467
Prior Propane Cost	<u>14.821</u>
Current Propane Cost Adjustment	<u>\$1.646</u>

Surcharge Adjustment

Current Adjustment	\$0.511
Prior Adjustment	<u>0.511</u>
Change in Surcharge Adjustment	\$0.000

Market Based Pricing Differential

Current Adjustment	(\$0.009)
Prior Adjustment	<u>(0.008)</u>
Change in Margin Sharing Provision	(\$0.001)

Net Increase (Decrease) in Gas Costs

\$1.645

Propane Cost Level	\$16.467
Plus: Surcharge	<u>0.511</u>
Total Propane Cost Level in Rates	<u>\$16.978</u>

**MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE NOVEMBER 2011**

Cost of Purchased Propane	\$50,819
Gallons Purchased	33,879
Projected dk Sales	3,100
Propane Cost per Dk	\$16.393
Average Cost of Propane as Adjusted for Losses @ 99.55%	16.467
Less: Propane Cost Level in Rates 1/	<u>14.821</u>
Current Propane Cost Adjustment	<u><u>\$1,646</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-11-8,