

STAFF RECOMMENDATION
July 18, 2012

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
Optional Seasonal General Gas Service
Tariff**

Case No. PU-12-452

On June 29, 2012, MDU filed a proposed change to its Optional Seasonal General Gas Service tariff (Rate 72). The change would affect the bills of 18 customers and only at those times when the seasonal rate for **cost of gas** kicks in or out, which is June and October. Currently, the winter cost of gas is \$0.91 cents per dekatherm higher than the summer cost of gas.

Currently, the seasonal rate is billed on a **bill rendered** basis meaning that all natural gas included on a bill rendered after June 1 and through October 1 is billed at the summer rate. Under the new proposal, the seasonal rate would be billed on a **service rendered** basis meaning that only the gas actually used after June 1 and through October 1 would be billed at the summer rate. Under service rendered billing, a June bill that could reflect usage in May and June, will reflect a prorated cost of gas between the winter rate for May usage and the summer rate for June usage. Likewise, an October bill that could reflect usage in September and October, will reflect a prorated cost of gas between the summer rate for September usage and winter rate for October usage.

The tariff will have no effect until October 1 when the summer season cost of gas ends and the winter season cost of gas begins.

I recommend that the Commission approve the revised tariff. I believe service rendered billing is more logical and the bill will more accurately reflect the price for gas used during the MDU-defined summer season.

Patrick Fahn