

August 7, 2015

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

Re: Cost of Gas Adjustment
(COG) Rate 88 and 99
Case No. PU-15-008

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 two (2) 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 September 2015. The COG Adjustment tariff (Rate 88), Section 2(b) provides that "Montana-Dakota shall file to reflect changes in its average cost of gas supply only when the amount of change in such COG is at least 10 (ten) cents per dk." The COG adjustment for the month of September 2015 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 September.

Attachment A is the Rate Summary Sheet (140th Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered September 1, 2015.

Montana-Dakota purchases propane supplies from various wholesale suppliers. The cost of propane has decreased since the last COG filing due to a decrease in the market price of propane. Attachment B page 1 explains the reasons for the decrease in the market price of propane.

Exhibit A, page 1 summarizes the cost of gas – propane calculated pursuant to the terms of Rate 99, which will apply during the month of September 2015. The net effect of this filing is a decrease of \$3.074 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 September 2015. The average cost of propane for all customers, adjusted for losses, is \$2.415 per dk.

This proposed adjustment, calculated in accordance with Rate 99, will amount to a decrease of approximately \$4,300 for propane customers during the month of September 2015. All of Montana-Dakota's retail propane customers in North Dakota may be affected by this proposal. There were 344 propane customers in North Dakota as of July 31, 2015.

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,

A handwritten signature in black ink that reads "Tamie A. Aberle". The signature is written in a cursive style with a large, looped initial "T".

Tamie A. Aberle
Director of Regulatory Affairs

**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

140th Revised Sheet No. 3

Canceling 139th 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 ¹	4	\$0.4935 per day	\$0.326	\$4.397	\$4.723
Air Force Rate 64 ¹	7				
Minot Air Force Base		\$2,000.00 per month			
PAR Site		\$175.00 per month			
Firm Service			\$0.329	\$4.397	\$4.726
Interruptible Service - PAR			\$0.260	\$3.459	\$3.719
Interruptible Service - MAFB			\$0.260	\$3.430	\$3.690
Firm General Service Rate 70 ¹	13				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$4.397	\$5.127
Small Interruptible Gas Rate 71 ²	14	\$175.00 per month	(Maximum) \$0.929	\$3.459	(Maximum) \$4.388
Optional Seasonal Gas ¹					
Service Rate 72	15				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$3.251	\$3.981
Transportation Service ¹	24				
Small Interruptible Rate 81		\$175.00 per month			
Maximum			\$0.485		
Minimum			\$0.102		
Fuel Charge				\$0.014	
Large Interruptible Rate 82		\$1,000.00 per month			
Maximum			\$0.297		
Minimum			\$0.061		
Fuel Charge				\$0.014	
Large Interruptible Gas Rate 85 ³	27	\$1,000.00 per month	(Maximum) \$0.718	\$3.459	(Maximum) \$4.177
Residential Propane Rate 90 ¹	32	\$0.4935 per day	\$0.326	\$2.630	\$2.956
Firm General Propane Rate 92 ¹	34				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$2.630	\$3.360

1/ Interim increase of 13.523% applicable to amounts billed under Basic Service Charge and Distribution Delivery Charge.

2/ Interim increase of 8.669% applicable to amounts billed under Basic Service Charge and Distribution Delivery Charge.

3/ Interim increase of 8.309% applicable to amounts billed under Basic Service Charge and Distribution Delivery Charge.

Date Filed: August 7, 2015

Effective Date: September 1, 2015

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-15-008

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE TARIFF SHEET
NORTH DAKOTA PROPANE
EFFECTIVE SEPTEMBER 2015

Cost of Gas - Propane

Current Propane Cost (Exhibit A, Page 2)	\$2.415
Prior Propane Cost	<u>5.489</u>
Current Propane Cost Adjustment	<u><u>(\$3.074)</u></u>

Surcharge Adjustment

Current Adjustment	\$0.232
Prior Adjustment	<u>0.232</u>
Change in Surcharge Adjustment	\$0.000

Market Based Pricing Differential

Current Adjustment	(\$0.017)
Prior Adjustment	<u>(0.017)</u>
Change in Margin Sharing Provision	\$0.000

Net Increase (Decrease) in Gas Costs (\$3.074)

Propane Cost Level	\$2.415
Plus: Surcharge	<u>0.232</u>
Total Propane Cost Level in Rates	<u><u>\$2.647</u></u>

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE SEPTEMBER 2015

Cost of Purchased Propane	\$3,366
Gallons Purchased	15,300
Projected dk Sales	1,400
Propane Cost per Dk	\$2.404
Average Cost of Propane as Adjusted for Losses @ 99.55%	2.415
Less: Propane Cost Level in Rates 1/	<u>5.489</u>
Current Propane Cost Adjustment	<u><u>(\$3.074)</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-15-008, effective May 1, 2015.

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
September 2015**

Montana-Dakota uses two 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 September prices for propane have decreased from the previous level. A change in the price of propane is generally driven by a combination of crude oil prices, weather, and demand and inventory levels. As seasonal usage decreases it has resulted in a decrease in the price of propane.

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