

April 14, 2016

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

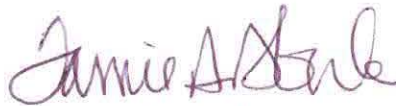
Re: Cost of Gas Adjustment
(COG) Rate 88 and Rate 99
Case No. PU-16-008

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 Exhibit B-1 – Public Version of the May 2016 Cost of Gas (COG) Adjustment workpapers which were filed on April 8, 2016 on a Trade Secret basis in accordance with the Commission's March 23, 2016 Order in Case No. PU-16-008.

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.

If you have any questions regarding this filing, please contact me at (701) 222-7856 or tamie.aberle@mdu.com

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachment

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
RESIDENTIAL AND GENERAL SERVICE
EFFECTIVE MAY 2016**

<u>Billing Determinants</u>	<u>Rate 1/</u>	<u>Amount</u>
<u>Demand Charges</u>		
<i>Transportation</i>		
FT-1 MDDQ	dk/Month	\$9.21000
FTN-1 MDDQ	dk/Month	0.24274
Northern Border et. al.	dk/Month	0.34690
T-FTG-1 MDDQ	dk/Month	9.94534
SourceGas	dk/Month	7.32500
<i>Storage</i>		
FS-1 Capacity Reservation	dk/Month	0.01757
FS-1 Deliverability Reservation	dk/Month	2.01507
<i>Total Demand Charges</i>		
<u>Commodity Charges</u>		
<i>Transportation Charges</i>		
FT-1 Commodity	dk	0.02982
Fuel - Transp. WBI	dk	
Electric Power WBI	dk	0.01062
Fuel - Transp. NB	dk	
T-FTG-1 Commodity	dk	0.06682
Fuel - Transp. NW	dk	
SDIP	dk	2.39800
Source Gas	dk	0.08000
<i>Storage Charges</i>		
FS-1 Injection	dk	0.01221
FS-1 Withdrawal	dk	0.01221
Fuel - Storage	dk	
Electric Power WBI	dk	(0.00134)
<i>Gas Commodity Charges</i>		
Gas Commodity - System	16,161,259 dk	2/
<i>Total Commodity Charges</i>		25,699,852
<u>Return on Rate Base</u>		
Demand Charges 3/		97,285
Prepaid Commodity Balances 3/		44,210
Cycle Storage Balances 3/		539,151
<i>Total Return</i>		680,646
<i>Total Gas Costs</i>		\$48,130,806
<i>Residential and General Service dk Requirements 4/</i>		16,161,259
Average Cost of Gas per dk		\$2.978
Average Cost of Gas as Adjusted for Losses @ 99.55%		2.991
Less: Gas Cost Level in Rates 5/		3.253
<i>Current Gas Cost Adjustment</i>		(\$0.262)

1/ WBI Energy's Thirteenth Revised Sheet No. 12, Third Revised Sheet No. 15, Fourteenth Revised Sheet No. 18 and SENDOUT Model for Gas Commodity.

2/ Weighted cost of gas for the month of May 2016.

3/ Exhibit C.

4/ Normalized dk sales for the twelve months ended October 31, 2015, adjusted for losses at .45%.

5/ Gas Cost Level in Current Tariff Rates Case No. PU-16-008 effective April 1, 2016:

Cost of Purchased Gas	\$3.238
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$3.253

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
INTERRUPTIBLE
EFFECTIVE MAY 2016**

<u>Interruptible Billing Determinants 1/</u>	<u>Rate 2/</u>	<u>Amount</u>
<u>Demand Charges</u>		
<i>Transportation</i>		
FT-1 MDDQ	dk/Month	\$9.21000
FTN-1 MDDQ	dk/Month	0.24274
Northern Border et. al.	dk/Month	0.34690
T-FTG-1 MDDQ	dk/Month	9.94534
SourceGas	dk/Month	7.32500
<i>Storage</i>		
FS-1 Capacity Reservation	dk/Month	0.01757
FS-1 Deliverability Reservation	dk/Month	2.01507
<i>Total Demand Charges</i>		<hr/>
<u>Commodity Charges</u>		
<i>Transportation Charges</i>		
FT-1 Commodity	dk	0.02982
Fuel - Transp. WBI	dk	
Electric Power WBI	dk	0.01062
Fuel - Transp. NB	dk	
T-FTG-1 Commodity	dk	0.06682
Fuel - Transp. NW	dk	
SDIP	dk	2.39800
SourceGas	dk	0.08000
<i>Storage Charges</i>		
FS-1 Injection	dk	0.01221
FS-1 Withdrawal	dk	0.01221
Fuel - Storage	dk	
Electric Power WBI	dk	(0.00134)
<i>Gas Commodity Charges</i>		
Gas Commodity	6,198,292 dk	3/
<i>Total Commodity Charges</i>		<hr/> 9,514,245
<u>Return on Rate Base</u>		
Demand Charges 4/		10,591
Transportation Balances 4/		4,813
Cycle Storage Balances 4/		58,694
<i>Total Return</i>		<hr/> 74,098
<i>Total Gas Costs</i>		\$11,917,408
<i>Interruptible Service dk Requirements</i>		6,198,292
Average Cost of Gas per dk		\$1.923
Average Cost of Gas as Adjusted for Losses @ 99.55%		1.932
Less: Gas Cost Level in Rates 5/		2.195
<i>Current Gas Cost Adjustment</i>		<hr/> (\$0.263) <hr/>

1/ Reflects level of interruptible dk volumes included in Case No. PU-13-803, excluding the Air Force.

2/ WBI Energy's Thirteenth Revised Sheet No. 12, Third Revised Sheet No. 15, Fourteenth Revised Sheet No. 18 and SENDOUT Model for Gas Commodity.

3/ Weighted cost of gas for the month of May 2016.

4/ See Exhibit B, page 1. Allocated to interruptible on MDDQ.

5/ Gas Cost Level in Current Tariff Rates Case No. PU-16-008 effective April 1, 2016:

Cost of Purchased Gas	\$2.185
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$2.195

**MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
EFFECTIVE MAY 2016**

<u>Air Force Billing Determinants</u>	<u>Rate 1/</u>	<u>Amount</u>
<u>Demand Charges</u>		
<i>Transportation</i>		
FT-1 MDDQ	dk/Month	\$9.21000
FTN-1 MDDQ	dk/Month	0.24274
Northern Border et. al.	dk/Month	0.34690
T-FTG-1 MDDQ	dk/Month	9.94534
SourceGas	dk/Month	7.32500
<i>Storage</i>		
FS-1 Capacity Reservation	dk/Month	0.01757
FS-1 Deliverability Reservation	dk/Month	2.01507
Total Demand Charges		<hr/>
<u>Commodity Charges</u>		
<i>Transportation Charges</i>		
FT-1 Commodity	dk	0.02982
Fuel - Trans. WBI	dk	
Electric Power WBI	dk	0.01062
Fuel - Trans. NB	dk	
T-FTG-1 Commodity	dk	0.06682
Fuel - Transp. NW	dk	
SDIP	dk	2.39800
Source Gas	dk	0.08000
<i>Storage Charges</i>		
FS-1 Injection	dk	0.01221
FS-1 Withdrawal	dk	0.01221
Fuel - Storage	dk	
Electric Power WBI	dk	(0.00134)
<i>Gas Commodity Charges</i>		
Gas Commodity	479,120 dk	2/ <hr/>
Total Commodity Charges		735,443
 <u>Return on Rate Base</u>		
Demand Charges 3/		819
Transportation Balances 3/		372
Cycle Storage Balances 3/		4,538
Total Return		<hr/> 5,729
 Total Gas Costs		 \$921,255
100% Load Factor dk Requirements		479,120
Average Cost of Gas per dk		\$1.923
Less: Gas Cost Level in Rates 4/		<hr/> 2.185
 Current Gas Cost Adjustment		 <u><u>(\$0.262)</u></u>

1/ WBI Energy's Thirteenth Revised Sheet No. 12, Third Revised Sheet No. 15, Fourteenth Revised Sheet No. 18 and SENDOUT Model for Gas Commodity.

2/ Weighted cost of gas for the month of May 2016.

3/ See Exhibit B, page 1. Allocated to 100% Load Factor on MDDQ.

4/ Gas Cost Level in Current Tariff Rates Case No. PU-16-008 effective April 1, 2016:

Cost of Purchased Gas

\$2.185