



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

October 7, 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 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 2016. 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 November 2016 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.

Attachment A is the Rate Summary Sheet (152nd Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered November 1, 2016.

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 2016. The net effect of this filing is an increase of \$0.549 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 2016. The average cost of propane for all customers, adjusted for losses, is \$4.611 per dk.

This proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$2,000 for propane customers during the month of November 2016. All of Montana-Dakota's retail propane customers in North Dakota may be affected

by this proposal. There were 341 propane customers in North Dakota as of September 30, 2016.

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

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,



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  
152<sup>nd</sup> Revised Sheet No. 3  
Canceling 151<sup>st</sup> 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	\$0.6443 per day	\$0.000	\$3.648	\$3.648
Air Force Rate 64	7				
Minot Air Force Base		\$2,000.00 per month			
PAR Site		\$175.00 per month			
Firm Service			\$0.329	\$3.648	\$3.977
Interruptible Service - PAR			\$0.177	\$2.577	\$2.754
Interruptible Service - MAFB			\$0.177	\$2.482	\$2.659
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$3.648	\$4.378
Small Interruptible Gas Rate 71	14	\$175.00 per month	(Maximum) \$1.112	\$2.577	(Maximum) \$3.689
Optional Seasonal Gas Service Rate 72	15				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$3.755	\$4.485
Transportation Service	24				
Small Interruptible Rate 81		\$175.00 per month			
Maximum			\$0.668		
Minimum			\$0.102		
Fuel Charge				\$0.012	
Large Interruptible Rate 82		\$1,000.00 per month			
Maximum			\$0.297		
Minimum			\$0.061		
Fuel Charge				\$0.012	
Large Interruptible Gas Rate 85	27	\$1,000.00 per month	(Maximum) \$0.718	\$2.577	(Maximum) \$3.295
Residential Propane Rate 90	32	\$0.6443 per day	\$0.000	\$3.365	\$3.365
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		\$0.67 per day			
Meters rated > 500 cubic feet		\$1.90 per day	\$0.730	\$3.365	\$4.095

Date Filed: October 7, 2016

Effective Date: November 1, 2016

Issued By: Tamie A. Aberle  
Director - Regulatory Affairs

Case No.: PU-16-008

**Montana-Dakota Utilities Co.  
Market Conditions for Regional Propane  
November 2016**

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 November 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, and demand and inventory levels. As seasonal usage increases it 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.gov>.

MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS - PROPANE TARIFF SHEET  
NORTH DAKOTA PROPANE  
EFFECTIVE NOVEMBER 2016

**Cost of Gas - Propane**

Current Propane Cost	\$4.611
Prior Filed Propane Cost	<u>4.062</u>
Current Propane Cost Adjustment	<u><u>\$0.549</u></u>

**Surcharge Adjustment**

Current Adjustment	(\$1.246)
Prior Filed Adjustment	<u>(1.246)</u>
Change in Surcharge Adjustment	\$0.000

**Net Increase (Decrease) in Gas Costs** \$0.549

Propane Cost Level	\$4.611
Plus: Surcharge	<u>(1.246)</u>
Total Propane Cost Level in Rates	<u><u>\$3.365</u></u>

MONTANA-DAKOTA UTILITIES CO.  
COST OF GAS - PROPANE  
NORTH DAKOTA  
EFFECTIVE NOVEMBER 2016

Cost of Purchased Propane	\$16,983
Gallons Purchased	40,436
Projected dk Sales	3,700
Propane Cost per Dk	\$4.590
Average Cost of Propane as Adjusted for Losses @ 99.55%	4.611
Less: Propane Cost Level in Rates 1/	<u>4.062</u>
Current Propane Cost Adjustment	<u><u>\$0.549</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-16-008, effective October 1, 2016.