



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

October 6, 2017

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-17-008

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 2017. 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 2017 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 (161st Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered November 1, 2017.

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 2017. The net effect of this filing is an increase of \$1.647 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 2017. The average cost of propane for all customers, adjusted for losses, is \$8.783 per dk.

This proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$6,700 for propane customers during the month of November 2017. 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 August 31, 2017 .

If you have questions regarding this filing, please contact me at (701) 222-7856 or 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

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

161st Revised Sheet No. 3

Canceling 160th 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	\$0.6443 per day	\$0.000	\$3.996	\$3.996
Air Force Rate 64 ¹	7	\$2,000.00 per month \$175.00 per month			
Minot Air Force Base					
PAR Site					
Firm Service			\$0.329	\$3.996	\$4.325
Interruptible Service - PAR			\$0.177	\$2.911	\$3.088
Interruptible Service - MAFB			\$0.177	\$2.873	\$3.050
Firm General Service Rate 70 ¹	13	\$0.67 per day \$1.90 per day			
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet			\$0.730	\$3.996	\$4.726
Small Interruptible Gas Rate 71 ¹	14	\$175.00 per month	(Maximum) \$1.112	\$2.911	(Maximum) \$4.023
Optional Seasonal Gas ¹					
Service Rate 72	15	\$0.67 per day \$1.90 per day			
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet			\$0.730	\$4.085	\$4.815
Transportation Service ¹	24	\$175.00 per month			
Small Interruptible Rate 81					
Maximum			\$0.668		
Minimum			\$0.102		
Fuel Charge				\$0.013	
Large Interruptible Rate 82		\$1,000.00 per month			
Maximum			\$0.297		
Minimum			\$0.061		
Fuel Charge				\$0.013	
Large Interruptible Gas Rate 85 ¹	27	\$1,000.00 per month	(Maximum) \$0.718	\$2.911	(Maximum) \$3.629
Residential Propane Rate 90 ¹	32	\$0.6443 per day	\$0.000	\$9.387	\$9.387
Firm General Propane Rate 92 ¹	34	\$0.67 per day \$1.90 per day			
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet			\$0.730	\$9.387	\$10.117

1/ Interim increase of 12.486% applicable to amounts billed under Basic Service Charge and Distribution Delivery Charge.

Date Filed: October 6, 2017

Effective Date: November 1, 2017

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-17-008

**Montana-Dakota Utilities Co.
Market Conditions for Regional Propane
November 2017**

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 2017

Cost of Gas - Propane

Current Propane Cost (Exhibit A, Page 2)	\$8.783
Prior Filed Propane Cost	<u>7.136</u>
Current Propane Cost Adjustment	<u><u>\$1.647</u></u>

Surcharge Adjustment

Current Adjustment	\$0.616
Prior Filed Adjustment	<u>0.616</u>
Change in Surcharge Adjustment	\$0.000

Grain Drying Margin Sharing

Current Adjustment (Exhibit E)	(\$0.012)
Prior Adjustment	<u>(0.012)</u>
Change in Grain Drying Margin Sharing	\$0.000

Total Cost of Gas Items \$9.387

Net Increase (Decrease) in Gas Costs \$1.647

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE NOVEMBER 2017

Cost of Purchased Propane	\$35,846
Gallons Purchased	44,808
Projected dk Sales	4,100
Propane Cost per Dk	\$8.743
Average Cost of Propane as Adjusted for Losses @ 99.55%	8.783
Less: Propane Cost Level in Rates 1/	<u>7.136</u>
Current Propane Cost Adjustment	<u><u>\$1.647</u></u>

1/ Propane Cost Level in Current Rates - Case No. PU-17-008, effective October 1, 2017.