



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

December 8, 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-18-008

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 January 2018. 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 January 2018 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 January.

Attachment A is the Rate Summary Sheet (163rd Revised Sheet No. 3) showing the proposed propane rates, to be effective with service rendered January 1, 2018.

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 January 2018. The net effect of this filing is an increase of \$0.439 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 January 2018. The average cost of propane for all customers, adjusted for losses, is \$11.417 per dk.

This proposed adjustment, calculated in accordance with Rate 99, will amount to an increase of approximately \$3,700 for propane customers during the month of January 2018. 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 November 30, 2017.

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Karl A. Liepitz
Assistant General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650


Montana-Dakota submitted a check on January 9, 2017 to the North Dakota Public Service Commission for \$600 pursuant to the requirements of North Dakota Century Code Section 49-05-05. This payment will cover the filing fee associated with the monthly COG filings.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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

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

163rd Revised Sheet No. 3

Canceling 162nd 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	\$0.730	\$3.996	\$4.726
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet					
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	\$0.730	\$4.085	\$4.815
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet					
Transportation Service ¹	24	\$175.00 per month \$1,000.00 per month	\$0.668 \$0.102	\$0.013	
Small Interruptible Rate 81					
Maximum					
Minimum					
Fuel Charge					
Large Interruptible Rate 82			\$0.297 \$0.061	\$0.013	
Maximum					
Minimum					
Fuel Charge					
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	\$12.021	\$12.021
Firm General Propane Rate 92 ¹	34	\$0.67 per day \$1.90 per day	\$0.730	\$12.021	\$12.751
Meters rated < 500 cubic feet					
Meters rated > 500 cubic feet					

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

Date Filed: December 8, 2017

Effective Date: January 1, 2018

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-18-008

**Montana-Dakota Utilities Co.
Market Conditions for Regional Natural Gas
January 2018**

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 January 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 JANUARY 2018

Cost of Gas - Propane

Current Propane Cost (Exhibit A, Page 2)	\$11.417
Prior Filed Propane Cost	<u>10.978</u>
Current Propane Cost Adjustment	<u><u>\$0.439</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	(\$0.012)
Prior Adjustment	<u>(0.012)</u>
Change in Grain Drying Margin Sharing	\$0.000

Total Cost of Gas Items

\$12.021

Net Increase (Decrease) in Gas Costs

\$0.439

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS - PROPANE
NORTH DAKOTA
EFFECTIVE JANUARY 2018

Cost of Purchased Propane	\$96,610
Gallons Purchased	92,894
Projected dk Sales	8,500
Propane Cost per Dk	\$11.366
Average Cost of Propane as Adjusted for Losses @ 99.55%	11.417
Less: Propane Cost Level in Rates 1/	<u>10.978</u>
Current Propane Cost Adjustment	<u><u>\$0.439</u></u>

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