



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

COST OF GAS – PROPANE Rate 99

NDPSC Volume 7
2nd Revised Sheet No. 41
Canceling 1st Revised Sheet No. 41

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1. Availability:

This rate schedule constitutes a Cost of Gas (COG) provision and specifies the procedure to be utilized to adjust the rates for propane gas sold under Montana-Dakota's rate schedules in order to reflect: (a) changes in Montana-Dakota's average cost of propane supply and (b) amortization of the Unrecovered Purchased Cost of Gas Account.

2. Effective Date and Limitation on Adjustments:

- (a) The effective dates of the COG shall be service rendered on and after the first day of each month, unless the Commission shall otherwise order.
- (b) Montana-Dakota shall file to reflect changes in its average cost of propane supply only when the amount of such change in COG is at least 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. Cost of Gas:

- (a) The monthly COG shall reflect changes in Montana-Dakota's cost of propane supply as compared to the cost of propane supply approved in its most recent COG filing. The cost of propane supply shall include, but not be limited to, all commodity and transportation charges incurred by Montana-Dakota for such propane supply.
- (b) The propane commodity cost shall reflect all commodity related propane costs estimated to be incurred for the month the COG will be in effect and estimated dk purchases.

The unit cost per dk for the month shall be the commodity costs divided by estimated dk purchases for the month.

4. Surcharge Adjustment:

All propane sales schedules shall be subject to a Surcharge Adjustment to be effective on May 1 each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Cost of Gas Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment.

Date Filed: August 26, 2008

Effective Date: Service rendered on and after October 1, 2008

Issued By: Donald R. Ball
Vice President -
Regulatory Affairs

Case No.: PU-08-720



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5. Unrecovered Purchased Gas Account:

(a) Items to be included in the Unrecovered Purchased Gas Account (Account 191), as calculated in accordance with Subsection 5(b) are:

- (1) Charges for propane supply which Montana-Dakota is unable to reflect in the COG by reason of the ten cent minimum limitation set forth in Subsection 2(b).
- (2) Amounts of increased/decreased charges for propane supplies that were paid during any period after the effective date of the most recent approved rates, but not yet included in propane sales rates.
- (3) Carrying charges or credits.

(b)

- (1) The amount to be included in Account 191 in order to reflect the items specified in Subsections 5(a)(1) and (2) shall be calculated as follows:
 - (i) Montana-Dakota shall first determine each month the unit cost for that month's propane supply.
 - (ii) Montana-Dakota shall then subtract from each month's unit cost, the unit cost for propane supply, which is reflected in the currently effective COG.
 - (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under each propane rate schedule. The resulting amounts shall be reflected in an Account 191 for each rate schedule.
- (2) Montana-Dakota will calculate carrying charges on the amounts in Account 191 as follows:

Each month, Account 191 shall be debited (on a debit balance) or credited

Date Filed: September 12, 2007

Effective Date: Service rendered on and after
September 19, 2007

Issued By: Donald R. Ball
Vice President -
Regulatory Affairs

Case No.: PU-07-618



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(on a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

- (i) The balance on Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the three-month Treasury Bill rate as published monthly by the Federal Reserve Board. The carrying charges shall be accrued in a supplementary Account 191 for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in Account 191:

- (1) The amounts in Account 191 shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each rate schedule. The account shall be increased in the event the adjustment is a negative amount.
- (2) The amount amortized each month shall be applied pro rata between the amounts in Account 191 specified in Subsections 5(a)(1) and (2) and the amounts in the supplementary Account 191 specified in Subsection 5(b)(2)(ii).

6. Time and Manner of Filing:

- (a) Montana-Dakota shall file each COG at least 10 days prior to the proposed effective date. Each filing by Montana-Dakota shall be made by means of revised COG sheets identifying the amounts of the adjustments and the resulting currently effective COG rates.
- (b) Each filing shall be accompanied by detailed computations, which clearly show the derivation of the relevant amounts, a concise statement of the reasons for any change and copies of any relevant material supporting costs claimed.

Date Filed: September 12, 2007

Effective Date: Service rendered on and after
September 19, 2007

Issued By: Donald R. Ball
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Regulatory Affairs

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