



MONTANA-DAKOTA UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

February 2, 2010

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

Re: Large Interruptible Purchased Gas Cost
Balancing Account – Rate 88

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith electronically submits this request for a variance of its Purchased Gas Cost Adjustment Rate 88 tariff (Rate 88) and approval of the attached Rate Summary Sheet designated as Section 3, 62nd Revised Sheet No. 1 to be effective February 9, 2010.

The variance relates specifically to Rate 88 Paragraph 5 (c) (1). that requires the amounts in the Unrecovered Purchased Gas Cost Account to be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month. Montana-Dakota established a surcharge adjustment of a negative \$1.049 per Dk effective October 1, 2009 in its Purchased Gas Cost Adjustment filing submitted on September 10, 2009. It has been determined that this over recovery of gas costs is attributable to one customer taking service under Montana-Dakota's Large Interruptible Sales Rate 85 schedule.

Montana-Dakota requests this variance in order to refund the balance remaining in the Interruptible balancing account to the customer that has and continues to be the sole customer taking service under the Large Interruptible Sales Rate 85 schedule on an ongoing basis (balance as of December 31, 2009 was \$60,997.84). This is necessary because customers taking service under the Large Interruptible Transportation Service Rate 82 schedule may be offered service under Large Interruptible Sales Rate 85 in times when service under the transportation service schedule is interrupted due to upstream pipeline or shipper interruptions. In this instance, the Large Interruptible Sales Rate 85 rate is applicable and customers purchasing sales gas, when their transportation service is interrupted are mistakenly benefitting from the currently effective negative surcharge. Refunding the amount due to the customer originally contributing to the over recovered gas cost balance will avoid this inequity.

This proposal to refund the over recovery balance and reset the surcharge to zero has been discussed with the affected customer and the customer is in agreement with the proposal.

The February 2010 PGA Tariff Sheet reflecting a zero surcharge for Large Interruptible Rate 85 is provided in Exhibit A.

The Company requests that the Commission approve this request for a variance, on less than 30 days notice pursuant to ARSD 20:10:13:20 to be effective February 9, 2010. The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Exhibit B in a conspicuous place in each business office in its affected electric service territory in South Dakota.

Please refer all inquires regarding this filing to:

Ms. Tamie A. Aberle
Pricing & Tariff Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

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

Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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

Sincerely,



Donald R. Ball
Vice President-Regulatory Affairs

Attachments
cc: D. Gerdes



Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of South Dakota
 Gas Rate Schedule - SDPUC Volume No. 2**

Section No. 3
 62nd Revised Sheet No. 1
 Canceling 61st Revised Sheet No. 1
 Page 1 of 1

RATE SUMMARY SHEET

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	CTA	PGA Items	Total Rate/ Dk
Residential Rate 60	2	\$0.25 per day	\$1.571	\$0.019	\$6.433	\$8.023
Ellsworth Air Force Base Rate 64	5	\$95.00 per month	\$0.062		\$5.480	\$5.542
East River Residential Rate 66	7	\$0.15 per day	\$2.915	\$0.019	\$6.087	\$9.021
Firm General Service Rate 70 Meters rated < 500 cubic feet Meters rated > 500 cubic feet	11	\$0.35 per day \$0.70 per day	\$1.175	\$0.019	\$6.433	\$7.627
Small Interruptible Gas Rate 71	12	\$50.00 per month	(Maximum) \$0.453		\$6.433	(Maximum) \$6.886
Optional Seasonal Gas Service Rate 72 Meters rated < 500 cubic feet Meters rated > 500 cubic feet Winter Gas Usage Summer Gas Usage	13	\$0.35 per day \$0.70 per day	\$1.175 \$1.175	\$0.019 \$0.019	\$6.558 \$5.503	\$7.752 \$6.697
East River Firm General Service Rate 76 Meters rated < 500 cubic feet Meters rated > 500 cubic feet	17	\$0.25 per day \$0.50 per day	\$2.598	\$0.019	\$6.087	\$8.704
Transportation Service Small Interruptible Rate 81 Maximum Minimum Fuel Charge Large Interruptible Rate 82 Maximum Minimum Fuel Charge	22	\$125.00 per month \$225.00 per month 	\$0.453 \$0.131 \$0.187 \$0.090		\$0.075 \$0.064	
Large Interruptible Gas Rate 85	26	\$175.00 per month	(Maximum) \$0.187		\$5.684	(Maximum) \$5.871

Date Filed: February 2, 2010

Effective Date:

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

Docket No.:

EXHIBIT A

MONTANA-DAKOTA UTILITIES CO. PGA TARIFF SHEET BLACK HILLS EFFECTIVE FEBRUARY 2010

	Residential & General Service	Optional Seasonal	Large Interruptible	Air Force
<u>Gas Cost Adjustment:</u>				
Gas Cost Level (Exhibit B)	\$6.732	\$6.857	\$5.684	\$5.620
Prior Gas Cost	5.397	5.523	4.332	4.283
Current Gas Cost Adjustment	\$1.335	\$1.334	\$1.352	\$1.337
<u>Surcharge Adjustment:</u>				
Current Adjustment	(0.299)	(0.299)	0.000	(0.140)
Prior Adjustment	(0.299)	(0.299)	(1.049)	(0.140)
Change in Surcharge Adjustment	\$0.000	\$0.000	\$1.049	\$0.000
Net Increase (Decrease) in Gas Costs	\$1.335	\$1.334	\$2.401	\$1.337
Gas Cost Level	\$6.732	\$6.857	\$5.684	\$5.620
Plus: Surcharge	(0.299)	(0.299)	0.000	(0.140)
Total Gas Cost Level in Tariff Rates	\$6.433	\$6.558	\$5.684	\$5.480

**On February 2, 2010 Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.,
filed with the South Dakota Public Utilities
Commission a change in its Large General
Service Rate 85 to be effective February 9, 2010.
The revised rate and South Dakota rules and
regulations are available in this office for
inspection. Please inquire at cashier's desk.**