



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

May 14, 2007

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501-5070

Re: Experimental Conservation Program Tracking Mechanism Rate 90
Docket No. NG07-012

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith electronically submits amended tariff sheets designated as 34th Revised Sheet No. 1 Rate Summary Sheet and 1st Revised Sheet No. 31 Experimental Conservation Program Tracking Mechanism, as well as Revised Exhibit A, pages 1 and 2 in support of the Company's request to implement a Conservation Tracking Adjustment (CTA) filed with this Commission on April 20, 2007.

The revisions are required to correct an error in the Base Average Use measured in Dk used in the determination of the dk saved under each of the conservation programs. This correction resulted in a minor change in the Conservation Tracking Adjustment per dk for the Black Hills System (\$.004 per dk as originally filed; \$.003 per dk as revised). Montana-Dakota apologizes for any inconvenience caused by this error.

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05.

Sincerely,

A handwritten signature in black ink that reads 'Donald R. Ball' in a cursive script.

Donald R. Ball
Vice President – Regulatory Affairs

Attachments
cc: D. A. 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
 34th Revised Sheet No. 1
 Canceling 33rd 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 | \$0.003 | \$5.586 | \$7.160 |
| Ellsworth Air Force Base Rate 64 | 5 | \$95.00 per month | \$0.062 | | \$4.389 | \$4.451 |
| East River Residential Rate 66 | 7 | \$0.15 per day | \$2.915 | \$0.007 | \$5.765 | \$8.687 |
| 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 | \$0.003 | \$5.586 | \$6.764 |
| Small Interruptible Gas Rate 71 | 12 | \$50.00 per month | (Maximum) \$0.453 | | \$5.586 | (Maximum) \$6.039 |
| 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 | \$0.003 \$0.003 | \$5.687 \$4.661 | \$6.865 \$5.839 |
| 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 | \$0.007 | \$5.765 | \$8.370 |
| 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 | | \$0.062 \$0.050 | |
| Large Interruptible Gas Rate 85 | 26 | \$175.00 per month | (Maximum) \$0.187 | | \$4.612 | (Maximum) \$4.799 |

Date Filed: May 14, 2007

Effective Date:

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

Docket No.:



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
 1st Revised Sheet No. 31
 Canceling Original Sheet No. 31

**EXPERIMENTAL CONSERVATION PROGRAM
 TRACKING MECHANISM Rate 90**

Applicability:

This rate schedule represents an Experimental Conservation Program Tracking Mechanism and specifies the procedure to be utilized to recover the costs of a portfolio of conservation programs consisting of a Customer Conservation Starter Kit Program, a High-Efficiency Furnace Program and a Programmable Thermostat Program, as authorized by the Commission, including the recovery of distribution delivery charge revenues reduced as a result of the conservation programs. Service provided under the Company's Residential Service Rates 60 and 66 and Firm General Service Rates 70, 72 and 76 shall be subject to this tracking mechanism. This experimental program shall expire on April 30, 2009.

Conservation Program Tracker:

An adjustment per dk will be determined for each rate schedule subject to the Conservation Program Tracking Mechanism. Monthly bills beginning with the first billing cycle following May 1, 2006 and each May 1 thereafter, will be adjusted by the application of the Conservation Tracking Adjustment rate indicated below. The rate will reflect the amortization of the conservation program costs including the dk savings associated with each measure implemented in the prior 12 month period. The currently authorized Distribution Delivery Charge will be applied to the dk savings to compute the reduction in Distribution Delivery revenues associated with the conservation programs. The total program costs including the lost distribution revenues will be amortized over projected volumes to be sold over the next 12 month period. Following the initial one-year term, and annually thereafter, the Conservation Program Tracker rate calculation shall include any over or under collection of revenue from the preceding twelve month recovery period.

Conservation Tracking Adjustment:

| | | |
|-------------|----------------|---|
| Black Hills | \$.003 per dk | C |
| East River | \$.007 per dk | C |

Date Filed: May 14, 2007 **Effective Date:**
Issued By: Donald R. Ball
 Vice President-Regulatory Affairs
Docket No.:



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

Section No. 3
 Original Sheet No. 31

**EXPERIMENTAL CONSERVATION PROGRAM
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Page 1 of 1

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Conservation Tracking Adjustment:

| | |
|-------------|---|
| Black Hills | <u>\$.003</u> \$0.000 per dk |
| East River | <u>\$.007</u> \$0.000 per dk |

Date Filed:

Effective Date:

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

Docket No.:

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Gas Conservation Tracking Adjustment - Revised
Effective May 2007**

Black Hills System - Rates 60, 70 & 72

| | <u>Units</u> | <u>Cost</u> | <u>Dk Savings 1/</u> | <u>Distribution Margin 2/</u> | <u>Total Cost</u> |
|---|--------------|-----------------|--------------------------|-----------------------------------|-----------------------|
| Conservation Program Costs: | | | | | |
| High Efficiency Furnace Rebate @ \$150.00 per Replacement | 35 | \$5,250 | 283 | \$445 | \$5,695 |
| Programmable Thermostats Rebates @ \$20.00 per Unit | 33 | 660 | 96 | 151 | 811 |
| Conservation Kits & Booklets | | 7,249 | | | 7,249 |
| Conservation Open House Expenses & Customer Education | | 6,120 | | | 6,120 |
| | | <u>\$19,279</u> | <u>379</u> | <u>\$596</u> | <u>\$19,875</u> |
| Projected Firm Sales 3/ | | | | | 5,690,935 |
| Conservation Tracking Adjustment per dk effective 5/1/07 | | | | | <u>\$0.003</u> |

East River System - Rates 66 & 76

| | <u>Units</u> | <u>Cost</u> | <u>Dk Savings1/</u> | <u>Distribution Margin 2/</u> | <u>Total Cost</u> |
|---|--------------|----------------|-------------------------|-----------------------------------|-----------------------|
| Conservation Program Costs: | | | | | |
| High Efficiency Furnace Rebate @ \$150.00 per Replacement | 4 | \$600 | 35 | \$102 | \$702 |
| Programmable Thermostats Rebates @ \$20.00 per Unit | 9 | 180 | 29 | 85 | 265 |
| Conservation Kits & Booklets | | 971 | | | 971 |
| Conservation Open House Expenses & Customer Education | | 3,271 | | | 3,271 |
| | | <u>\$5,022</u> | <u>64</u> | <u>\$187</u> | <u>\$5,209</u> |
| Projected Firm Sales 3/ | | | | | 742,231 |
| Conservation Tracking Adjustment per dk effective 5/1/07 | | | | | <u>\$0.007</u> |

1/ Exhibit A, Page 2.

2/ Distribution Margin:

Black Hills System \$1.571

East River System \$2.915

3/ Exhibit A, Page 3. South Dakota projected firm sales for May 2007 through April 2008.

Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Gas Conservation Tracking Adjustment
Calculated Dk Savings - Revised
Rebates Issued February 1, 2006 through February 28, 2007

Black Hills System

| High Efficiency Furnace | Furnace Rating | | | | Total |
|----------------------------------|-----------------------|-------------|--------------|-------------|--------------|
| Efficiency Rating of New Furnace | 90% | 91% | 92% | 94% | |
| Less Base Efficiency | 78% | 78% | 78% | 78% | |
| | 12% | 13% | 14% | 16% | |
| Base Average Use (in Dk) | 57.3 | 57.3 | 57.3 | 57.3 | |
| | 6.9 | 7.4 | 8.0 | 9.2 | |
| Number of customers | 1 | 3 | 26 | 5 | 35 |
| Total Dk Saved | <u>6.9</u> | <u>22.2</u> | <u>208.0</u> | <u>46.0</u> | <u>283.1</u> |

Programmable Thermostats

| | |
|-------------------------|-------------|
| Customer Rebates | 33 |
| Dk savings per customer | 2.9 |
| Total Dk Saved | <u>95.7</u> |

East River System

| High Efficiency Furnace | Furnace Rating | | | | Total |
|----------------------------------|-----------------------|------------|-------------|------------|--------------|
| Efficiency Rating of New Furnace | 90% | 91% | 92% | 94% | |
| Less Base Efficiency | 78% | 78% | 78% | 78% | |
| | 12% | 13% | 14% | 16% | |
| Base Average Use (in Dk) | 63.1 | 63.1 | 63.1 | 63.1 | |
| | 7.6 | 8.2 | 8.8 | 10.1 | |
| Number of customers | 0 | 0 | 4 | 0 | 4 |
| Total Dk Saved | <u>0.0</u> | <u>0.0</u> | <u>35.2</u> | <u>0.0</u> | <u>35.2</u> |

Programmable Thermostats

| | |
|-------------------------|-------------|
| Customer Rebates | 9 |
| Dk savings per customer | 3.2 |
| Total Dk Saved | <u>28.8</u> |