



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

April 1, 2009

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

Re: Conservation Program Tracking Mechanism Rate 90
Docket No. NG09-001

Dear Ms. Van Gerpen:

On March 2, 2009, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., requested to remove the experimental qualifier associated with its Gas Conservation Program. In that filing designated as NG09-001, Montana-Dakota also proposed a set of gas conservation programs to be part of its 2010-2011 portfolio of programs to be offered to customers.

The information necessary to calculate the Conservation Tracking Adjustment (CTA) for the recovery of expenditures incurred between March 1, 2008 and February 28, 2009 for approved natural gas conservation programs was not available to include with the March 2 filing and as noted therein, Montana-Dakota is supplementing that filing to request a change in the CTA to be effective May 1, 2009.

Montana-Dakota is requesting approval of the following tariff changes, attached hereto, under Section 3 of Montana-Dakota's natural gas tariff to effectuate this change:

- 53rd Revised Sheet No. 1. The proposed tariff sheet reflects the proposed CTA along with the Purchased Gas Cost Adjustments (PGA) effective April 1, 2009. Sheet No.1 will be resubmitted in the event of a change in the PGA effective May 1, 2009.
- Substitute 3rd Revised Sheet No. 31. This tariff sheet reflects the changes filed on March 2, 2009 along with the revised CTA's necessary to reflect actual expenditures incurred for the period March 1, 2008 through February 28, 2009. Montana-Dakota recognizes additional time may be required for the Commission Staff to evaluate the new portfolio of programs proposed in this Docket but requests that the Conservation Programs previously authorized by the Commission not expire on April 30 by extending the experimental time if necessary. The currently effective CTA's of \$.004 (Black Hills) and \$.002 (East River) were authorized by the Commission in Docket No. NG08-003 and were effective on May 1, 2008.

Total program expenses, including the lost distribution revenue component, to be recovered under the CTA over the next twelve month period equate to \$30,463 for the Black Hills System and \$3,350 for the East River System resulting in a CTA applicable to service under Rates 60, 70 and 72 of \$.005 per dk and a CTA applicable to service under Rates 66 and 76 of \$.004 per dk. This adjustment represents an increase of \$.001 per dk for Black Hills customers and \$.002 for East River customers from the currently authorized CTA. Pursuant to Rate 90, the adjustment also includes a \$1,086 under recovery for the Black Hills System and \$130 over recovery for the East River system of costs from the last adjustment period.

The conservation programs resulted in dk savings of 601 during the last year along with the conservation kits and education and awareness of the value of gas conservation. In 2008, Montana-Dakota purchased updated Conservation Starter kits. The kits include a number of items that customers can install as a starting point for conservation, such as caulk and a caulking gun, V-type weather stripping, outlet and switch gaskets and a filter whistle. The kits also include Energy Savings Tips with ways customers can save energy in their homes. Purchase of the Conservation Starter kits accounted for \$11,061.39 in customer education costs for this twelve month time period. While a direct DK savings can not be attributable to the Conservation Starter kits, the kits are a useful conservation education tool.

The supporting workpapers for the proposed Black Hills and East River CTAs are provided in Exhibit A. Montana-Dakota requests Commission approval of the CTA to be effective with service rendered on and after May 1, 2009.

The results of the questionnaire Montana-Dakota was requested by the Commission to administer in order to gain further information regarding the effectiveness of the programs are included as Exhibit B. The results of the survey do not cause the Company to revise the program offerings at this time.

Included herein is a second set of the affected tariff on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed.

Attached as Exhibit C is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Exhibit D in a conspicuous place in each business office in its affected gas service territory in South Dakota for at least 30 days before the change becomes effective.

Please refer all inquiries 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 inquiries, correspondence and pleadings to:

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

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

RATE SUMMARY SHEET

Section No. 3
 53rd Revised Sheet No. 1
 Canceling 52nd Revised Sheet No. 1
 Page 1 of 1

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	\$0.005	\$5.486	\$7.062
Ellsworth Air Force Base Rate 64	5	\$95.00 per month	\$0.062		\$3.760	\$3.822
East River Residential Rate 66	7	\$0.15 per day	\$2.915	\$0.004	\$5.554	\$8.473
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	\$0.005	\$5.486	\$6.666
Small Interruptible Gas Rate 71	12	\$50.00 per month	(\$0.453) \$0.453		\$5.486	(\$6.666) \$5.939
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	\$0.005 \$0.005	\$5.592 \$4.508	\$6.772 \$5.688
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	\$0.004	\$5.554	\$8.156
Transportation Service Small Interruptible Rate 81 Maximum Minimum Fuel Charge Large Interruptible Rate 82 Maximum Minimum Fuel Charge	22	\$125.00 per month	\$0.453 \$0.131		\$0.056	
Large Interruptible Gas Rate 85	26	\$175.00 per month	(\$0.187) \$0.187		\$0.044	(\$6.666) \$4.675

Date Filed: April 1, 2009

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
 Substitute 3rd Revised Sheet No. 31
 Canceling 2nd Revised Sheet No. 31

**CONSERVATION PROGRAM
 TRACKING MECHANISM Rate 90**

Page 1 of 1

Applicability:

This rate schedule represents a Conservation Program Tracking Mechanism and specifies the procedure to be utilized to recover the costs of a portfolio of conservation programs, 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.

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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 each May 1 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 applicable to qualifying customers that participated in a conservation program 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.

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Conservation Tracking Adjustment:

Black Hills	\$.005 per dk
East River	\$.004 per dk

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Date Filed: April 1, 2009

Effective Date:

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

Docket No.:

Tariffs Reflecting Proposed Changes



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
 3rd Revised Sheet No. 31
 Canceling 2nd Revised Sheet No. 31

**CONSERVATION PROGRAM
 TRACKING MECHANISM Rate 90**

Page 1 of 1

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Conservation Tracking Adjustment:

Black Hills \$-004.005 per dk
 East River \$-002.004 per dk

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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
Effective May 1, 2009**

Black Hills System - Rates 60, 70 & 72

	Units 1/	Cost	Accumulative Dk Savings 2/	Distribution Margin 3/	Total Cost
Conservation Program Costs:					
High Efficiency Furnace Rebate @ \$150.00 per Replacement	37	\$5,550	1,040	\$1,634	\$7,184
Programmable Thermostats Rebates @ \$20.00 per Unit	81	1,620	557	875	2,495
Customer Education and Administrative Cost		19,698			19,698
		<u>\$26,868</u>	<u>1,597</u>	<u>\$2,509</u>	<u>\$29,377</u>
Prior Period/(Over) Under Recovery 4/					1,086
Total Costs To Be Recovered					<u>\$30,463</u>
Projected Firm Sales 5/					5,556,000
Conservation Tracking Adjustment per dk effective 5/1/09					<u>\$0.005</u>

East River System - Rates 66 & 76

	Units 1/	Cost	Accumulative Dk Savings 2/	Distribution Margin 3/	Total Cost
Conservation Program Costs:					
High Efficiency Furnace Rebate @ \$150.00 per Replacement	4	\$600	98	\$286	\$886
Programmable Thermostats Rebates @ \$20.00 per Unit	5	100	61	178	278
Customer Education and Administrative Cost		2,316			2,316
		<u>\$3,016</u>	<u>159</u>	<u>\$464</u>	<u>\$3,480</u>
Prior Period/(Over) Under Recovery 4/					(130)
Total Costs To Be Recovered					<u>\$3,350</u>
Projected Firm Sales 5/					775,322
Conservation Tracking Adjustment per dk effective 5/1/09					<u>\$0.004</u>

1/ Exhibit A, Page 3.

2/ Exhibit A, Page 2.

3/ Authorized Distribution Delivery Charge Rate 60/66:

Black Hills System \$1.571

East River System \$2.915

4/ Exhibit A, Page 5

5/ Exhibit A, Page 4. South Dakota projected firm sales for May 2009 through April 2010.

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Gas Conservation Tracking Adjustment
Cumulative**

Black Hills System - Rates 60, 70 & 72

	2007 Dk Savings 1/	2008 Dk Savings 1/	2009 Dk Savings 2/	Accumulative Dk Savings	Total Distribution Margin 3/
Conservation Program DK Savings:					
High Efficiency Furnace Replacements	283	444	313	1,040	\$1,634
Programmable Thermostats Installations	96	226	235	557	875
	<u>379</u>	<u>670</u>	<u>548</u>	<u>1,597</u>	<u>\$2,509</u>

East River System - Rates 66 & 76

	2007 Dk Savings 1/	2008 Dk Savings 1/	2009 Dk Savings 2/	Accumulative Dk Savings	Total Distribution Margin 3/
Conservation Program DK Savings:					
High Efficiency Furnace Replacements	35	26	37	98	\$286
Programmable Thermostats Installations	29	16	16	61	178
	<u>64</u>	<u>42</u>	<u>53</u>	<u>159</u>	<u>\$464</u>

1/ Docket No. NG08-013, Exhibit A, page 1

2/ Exhibit A, Page 3.

3/ Authorized Distribution Delivery Charge Rate 60/66:

Black Hills System \$1.571

East River System \$2.915

Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Gas Conservation Tracking Adjustment
Calculated Dk Savings
Rebates Issued March 1, 2008 through February 29, 2009

Black Hills System

High Efficiency Furnace

	Furnace Rating							Total
Efficiency Rating of New Furnace	90%	91%	92%	93%	94%	95%	96%	
Less Base Efficiency	78%	78%	78%	78%	78%	78%	78%	
% Savings	12%	13%	14%	15%	16%	17%	18%	
Base Average Use (in Dk)	57.3	57.3	57.3	57.3	57.3	57.3	57.3	
DK Savings	6.9	7.4	8.0	8.6	9.2	9.7	10.3	
Customer Rebates	0	1	24	0	7	4	1	37
Total Dk Saved	0.0	7.4	192.0	0.0	64.4	38.8	10.3	313

Programmable Thermostats

Customer Rebates	81
DK savings per customer	2.9
Total Dk Saved	234.9

East River System

High Efficiency Furnace

	Furnace Rating							Total
Efficiency Rating of New Furnace	90%	91%	92%	93%	94%	95%	96%	
Less Base Efficiency	78%	78%	78%	78%	78%	78%	78%	
% Savings	12%	13%	14%	15%	16%	17%	18%	
Base Average Use (in Dk)	63.1	63.1	63.1	63.1	63.1	63.1	63.1	
DK Savings	7.6	8.2	8.8	9.5	10.1	10.7	11.4	
Customer Rebates	0	0	3	0	0	1	0	4
Total Dk Saved	0.0	0.0	26.4	0.0	0.0	10.7	0.0	37

Programmable Thermostats

Customer Rebates	5
DK savings per customer	3.2
Total Dk Saved	16.0

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Projected Firm Sales
May 2009 through April 2010**

	Black Hills System			East River System		
	Residential	Firm General	Total	Residential	Firm General	Total
May 2009	144,000	150,000	294,000	9,000	17,000	26,000
June	74,000	98,000	172,000	3,000	12,000	15,000
July	64,000	91,000	155,000	2,000	11,000	13,000
August	65,000	91,000	156,000	3,000	11,000	14,000
September	106,000	120,000	226,000	6,000	14,000	20,000
October	222,000	199,000	421,000	19,000	27,000	46,000
November	398,000	316,000	714,000	44,000	51,000	95,000
December	527,000	405,000	932,000	65,000	72,000	137,000
January 2010	559,000	427,000	986,000	72,000	80,000	152,000
February	446,000	362,000	808,000	53,000	61,000	114,000
March	393,000	318,000	711,000	44,000	53,000	97,000
April	257,000	225,000	482,000	24,000	31,000	55,000
Total	3,255,000	2,802,000	6,057,000	344,000	440,000	784,000
Less: Firm Contract		501,000 1/	501,000		8,678 2/	8,678 2/
Total SD	3,255,000	2,301,000	5,556,000	344,000	431,322	775,322

1/ Per projected volumes for large firm contract sales for the twelve months ending 4/30/10.

2/ Per books volumes for large firm contract sales for the twelve months ended 2/28/09.

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
(Over) Under Recovery of CTA
May 1, 2008 - April 30, 2009**

Black Hills System

Balance To Be Recovered At Current CTA Rate	\$22,065	1/
Actual Recovery May 1, 2008 - February 28, 2009	\$16,235	
Estimated Recovery March & April 2009	4,744	2/
Total Recovered Expenses	<u>\$20,979</u>	
(Over) Under Recovery	<u>\$1,086</u>	

East River System

Balance To Be Recovered At Current CTA Rate	\$1,422	1/
Actual Recovery May 1, 2008 - February 28, 2009	\$1,256	
Estimated Recovery March & April 2009	296	2/
Total Recovered Expenses	<u>\$1,552</u>	
(Over) Under Recovery	<u>(\$130)</u>	

1/ Docket No. NG08-013, Exhibit A, page 1
2/ Estimated CTA Recovery based on projected volumes.

	<u>Black Hills System</u>			<u>East River System</u>		
	<u>Residential</u>	<u>Firm General</u>	<u>Total</u>	<u>Residential</u>	<u>Firm General</u>	<u>Total</u>
March 2009	391,000	316,000	707,000	44,000	51,000	95,000
April 2009	256,000	223,000	479,000	23,000	30,000	53,000
Total SD	<u>647,000</u>	<u>539,000</u>	<u>1,186,000</u>	<u>67,000</u>	<u>81,000</u>	<u>148,000</u>
CTA Charge Eff. May 1, 2008		\$0.004	\$4,744		\$0.002	\$296

South Dakota - Natural Gas Demand-Side Management Survey March 2009

- 1) If you purchased an ENERGY STAR rated furnace, what is the age of the furnace that was replaced?

1 - 5 yrs old	1.90%
6 - 10 yrs old	6.67%
11 - 15 yrs old	3.81%
16 - 20 yrs old	7.62%
21 - 30 yrs old	29.52%
31 - 40 yrs old	24.76%
More than 40 yrs old	20.95%
Don't know	4.76%

- 2) Did the incentive offer influence your decision to purchase an ENERGY STAR rated programmable thermostat and/or furnace?

Yes	52.33%
No	45.60%
No Answer	2.07%

- 3) Did the current price of natural gas influence your decision to purchase an ENERGY STAR rated programmable thermostat and/or furnace?

Yes	74.09%
No	23.83%
No Answer	2.07%

- 4) On average over the winter heating season, how many hours per week do you intend to set back your programmable thermostat?

0 - 5 hours	5.67%
6 - 10 hours	18.44%
11 - 15 hours	4.96%
16 - 20 hours	7.80%
21 - 25 hours	3.55%
26 - 30 hours	6.38%
More than 30 hours	53.19%

South Dakota - Natural Gas Demand-Side Management Survey March 2009

- 5) At what temperature change (the difference from the high and low setting) do you intend to program your thermostat?

0 Degrees	2.07%
1 - 3 Degrees	6.90%
4 - 5 Degrees	32.42%
6 - 8 Degrees	30.34%
9 - 10 Degrees	20.00%
More than 10 Degrees	8.28%

- 6) What is your total household income level?

Less than \$25,000/year	12.44%
\$25,001 - \$50,000/year	23.83%
\$50,001 - \$75,000/year	32.64%
\$75,001 - \$100,000/year	15.03%
More than \$100,000/year	6.74%
No Answer	9.33%

Report of Tariff Schedule Change

NAME OF UTILITY: Montana-Dakota Utilities Co.
 ADDRESS: 400 North Fourth Street
 Bismarck, ND 58501

Section No.	Class of Service	New Sheet No.
3	Rate Summary Sheet	53rd Revised Sheet No. 1
3	Conservation Program Tracking Mechanism Rate 90	Substitute 3rd Revised Sheet No. 31

Change: Conservation Tracking Adjustment
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change: Reflect updated Conservation Program Costs

Present Rates
 Proposed Rates
 Approximate annual reduction in revenue N/A
 Approximate annual increase in revenue N/A

Points Affected	Estimated Number of Customers Whose Cost of Service will be:					
	Increase - Black Hills		Increase - East River		Unchanged	
	# of Customers	Amount in \$	# of Customers	Amount in \$	# of Customers	Amount in \$
All	46,531	5,556	6,648	1,551	N/A	N/A

Include Statement of Facts, expert opinions, documents and exhibits supporting the change requested.

Received: _____

Montana-Dakota Utilities Co.
 (Reporting Utility)

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

By: Donald R. Ball
 Vice President- Regulatory Affairs
 (Name and Title)