

NORTH DAKOTA PUBLIC SERVICE COMMISSION
April 26, 2006

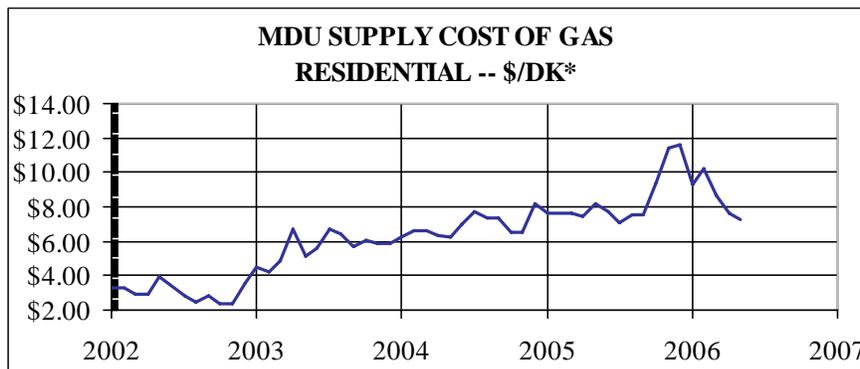
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
May 2006
Cost of Gas Adjustment-Natural Gas**

**PU-06-145
Filed 04/11/2006**

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by \$0.329 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during May 2006. This changes the Cost of Gas charge from \$7.607 per dk to \$7.278 per dk.

For residential consumption of 5.0 dk (representative of May), the cost of gas in the bill will be approximately \$1.64 lower than last month and \$4.635 lower than May 2005. There were 87,227 MDU customers in North Dakota as of December 31, 2005.



The cost of gas change is due to:

- \$0.480 per dk decrease in the commodity cost of gas.
- \$0.151 per dk increase in the over/under recovery surcharge adjustment.
- No change in pipeline rates.

The change in cost for third party commodity purchases is attributed to weak heating-related demand this winter and high storage inventories. Current and future prices remain high compared to historical levels as market expectation is for possible hurricanes, a forecast of a hot summer, and continued high oil prices. These factors would cause gas supply/demand conditions to remain tight. The change in pipeline rates is due to Williston Basin's semi-annual fuel and electric power reimbursement adjustment.

For MDU, the Cost of Gas for the month is locked in by contract on the 1st or 2nd business day of the preceding month based on the Rocky Mountain CIG (Colorado Interstate Gas Company) Index.

The Rocky Mountain CIG Index is based on a price discovery survey by several natural gas periodicals, such as the "Inside FERC Gas Market" report and "Gas Daily" by McGraw Hill, or prices paid by willing sellers and buyers of quantities of gas in that region.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on energy issues. The information is available on the EIA website: <http://www.eia.doe.gov>.

M O T I O N

April 26, 2006

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
May 2006
Cost of Gas Adjustment-Natural Gas**

Case No. PU-06-145

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Cost of Gas Adjustment for May 2006, Case No. PU-06-145.

PJF/sdh