

NORTH DAKOTA PUBLIC SERVICE COMMISSION  
June 22, 2006

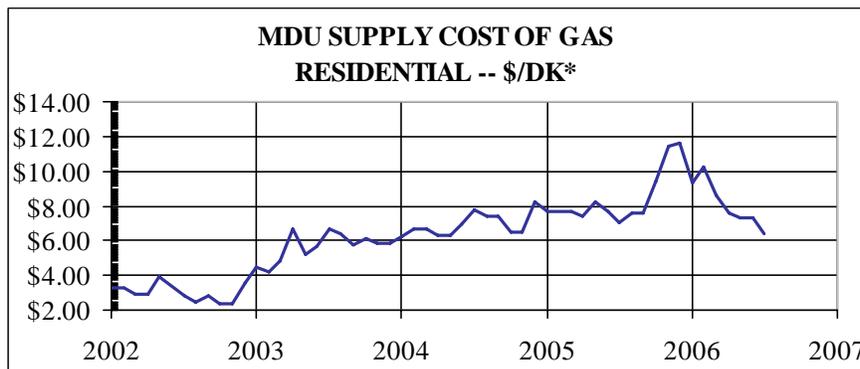
**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
July 2006  
Cost of Gas Adjustment-Natural Gas**

**PU-06-240  
Filed 06/12/2006**

**SUMMARY OF PROPOSAL:**

MDU is decreasing its Cost of Gas charge by \$0.865 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 \$7.278 per dk to \$6.413 per dk.

For residential consumption of 1.7 dk (representative of July), the cost of gas in the bill will be approximately \$1.47 lower than last month and \$1.13 lower than July 2005. As of May 31, 2005 MDU served 87,173 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$0.865 per dk decrease in the commodity cost of gas.

The downward pressure on the price of gas for sale is attributed to gas storage inventories remaining well above the five year average, however, futures prices remain high and are likely a result of recent predictions of above average temperatures for the upcoming summer months and above normal storm activity for the approaching hurricane season. In addition, market expectation is for persisting tight supply of natural gas. These factors would cause gas supply/demand conditions to remain tight.

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 monthly price for the Rocky Mountain CIG Index is indicative of a majority of the supplies Montana-Dakota purchases for its requirements.

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**

**June 22, 2006**

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

**Case No. PU-06-240**

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas  
Cost of Gas Adjustment for July 2006, Case No. PU-06-240.

PJF/sdh