

NORTH DAKOTA PUBLIC SERVICE COMMISSION
October 25, 2006

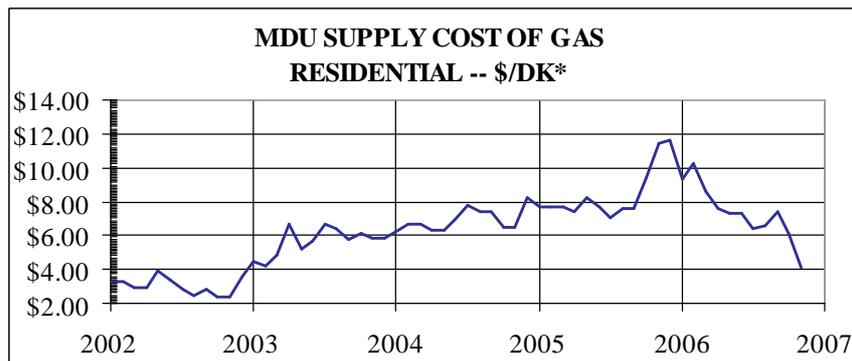
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
November 2006
Cost of Gas Adjustment-Natural Gas**

**PU-06-441
Filed 10/11/2006**

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by \$2.001 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during November 2006. This changes the Cost of Gas charge from \$6.132 per dk to \$4.131 per dk.

For residential consumption of 11.0 dk (representative of November), the cost of gas in the bill will be approximately \$22.01 lower than last month and \$79.87 lower than November 2005. As of September 30, 2006 MDU served 87,346 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$2.101 per dk decrease in the commodity cost of gas.
- \$0.100 per dk increase in pipeline rates.

The decrease in the price of gas for sale is attributed to moderate temperatures across most of the United States that reduced demand for gas-fired electric generation for air conditioning load and continued high storage balance. Volumes of natural gas in storage on October 1 were close to approaching the Energy Information Administration's estimated maximum gas storage capacity. The increase in pipeline rates is due to the addition of firm transportation capacity for winter peaking during November 2006 through March 2007.

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

October 25, 2006

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November 2006
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Case No. PU-06-441

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas Cost of Gas Adjustment for November 2006, Case No. PU-06-441.

PJF