

NORTH DAKOTA PUBLIC SERVICE COMMISSION
November 22, 2006

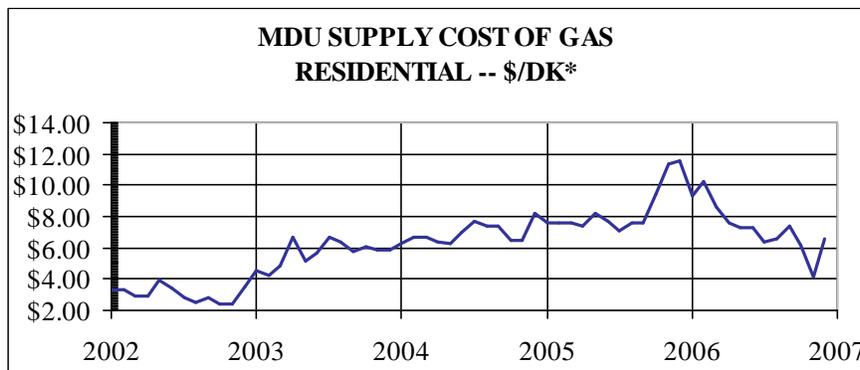
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
December 2006
Cost of Gas Adjustment-Natural Gas**

**PU-06-476
Filed 11/13/2006**

SUMMARY OF PROPOSAL:

MDU is increasing its Cost of Gas charge by \$2.487 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during December 2006. This changes the Cost of Gas charge from \$4.131 per dk to \$6.618 per dk.

For residential consumption of 15.0 dk (representative of December), the cost of gas in the bill will be approximately \$37.31 higher than last month and \$74.45 lower than December 2005. As of October 31, 2006 MDU served 87,896 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$2.494 per dk increase in the commodity cost of gas.
- \$0.007 per dk decrease in pipeline rates.

The increase in the price of gas for sale is attributed to colder than normal weather over much of the nation in October and the commencement of the heating season. Volumes of natural gas in storage on November 3 were approximately eight percent above the five year average. The decrease in pipeline rates is due to a new interconnection with NorthWestern Energy that provides firm transportation capacity and additional supply diversity.

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

November 22, 2006

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December 2006
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Case No. PU-06-476

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas Cost of Gas Adjustment for December 2006, Case No. PU-06-476.

PJF