Revised 11/6/07

NORTH DAKOTA PUBLIC SERVICE COMMISSION
November 7, 2007

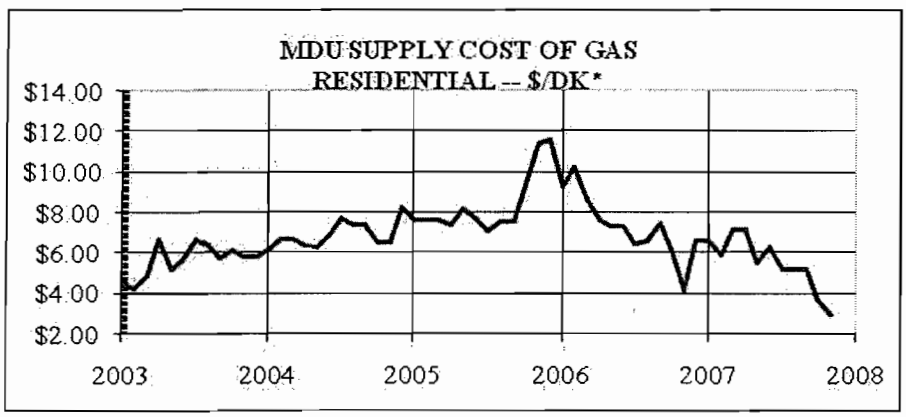
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
November 2007
Cost of Gas/Natural Gas

PU-07-714
Filed 10/10/2007

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by $0.759 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during November 2007. The adjustment changes the Cost of Gas charge from $3.693 per dk to $2.934 per dk.

For residential consumption of 11.0 dk (representative of November), the cost of gas in the bill will be approximately $8.35 lower than last month and $13.17 lower than November 2006. MDU served 88,542 natural gas customers in North Dakota as of September 30, 2007.



The cost of gas change is due to:

- $0.759 per dk decrease in the commodity cost of gas.
- No change in pipeline rates.

The change in the commodity cost of gas is attributed to regional transportation capacity constraints and scheduled maintenance projects. Volumes of natural gas in storage were 7.5% above the five year average as of September 28, 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.