

NORTH DAKOTA PUBLIC SERVICE COMMISSION  
March 7, 2007

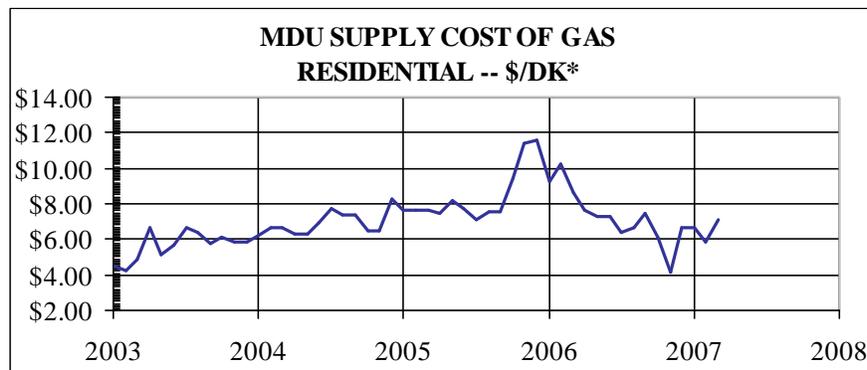
**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
March 2007  
Cost of Gas Adjustment-Natural Gas**

**PU-07-70  
Filed 02/09/2007**

**SUMMARY OF PROPOSAL:**

MDU is increasing its Cost of Gas charge by \$1.279 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during March 2007. This changes the Cost of Gas charge from \$5.864 per dk to \$7.143 per dk.

For residential consumption of 13.0 dk (representative of March), the cost of gas in the bill will be approximately \$16.63 higher than last month and \$19.47 lower than March 2006. As of December 31, 2006 MDU served 88,313 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$1.279 per dk increase in the commodity cost of gas.
- No change in pipeline rates.

The increase in the price of gas for sale is attributed to colder weather and increasing crude oil prices. Volumes of working natural gas in storage as of January 26 are expected to be approximately 40 percent above the five year average.

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>.