

NORTH DAKOTA PUBLIC SERVICE COMMISSION
April 19, 2007

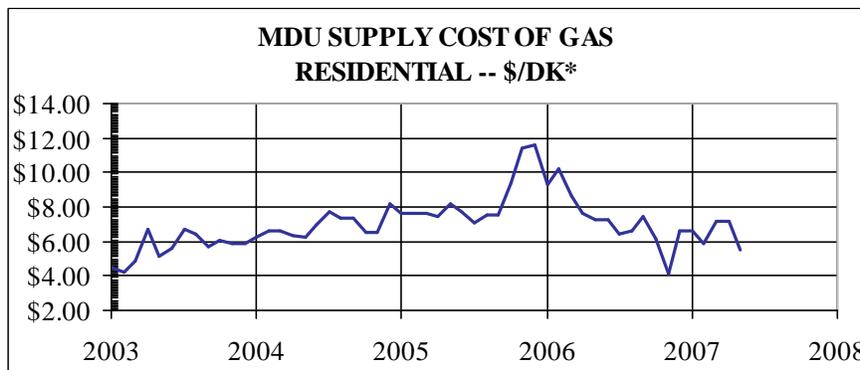
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
May 2007
Cost of Gas Adjustment-Natural Gas**

**PU-07-134
Filed 04/10/2007**

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by \$1.642 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during May 2007. The adjustment changes the Cost of Gas charge from \$7.143 per dk to \$5.501 per dk.

For residential consumption of 5.0 dk (representative of May), the cost of gas in the bill will be approximately \$8.21 lower than last month and \$8.89 lower than May 2006. As of December 31, 2006 MDU served 88,313 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$2.058 per dk decrease in the commodity cost of gas.
- \$0.020 per dk decrease in pipeline rates.
- \$0.435 per dk increase in the annual over/under recovery surcharge.
- \$0.001 per dk increase in the margin sharing provision.

The decrease in the price of gas for sale is attributed to continuing limitation of pipeline transportation capacity from the Rocky Mountain region, maintenance at the Clay Basin storage facility, and high amounts of gas in storage. Volumes of natural gas in storage as of March 30 were approximately 27 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>.