

NORTH DAKOTA PUBLIC SERVICE COMMISSION
May 16, 2007

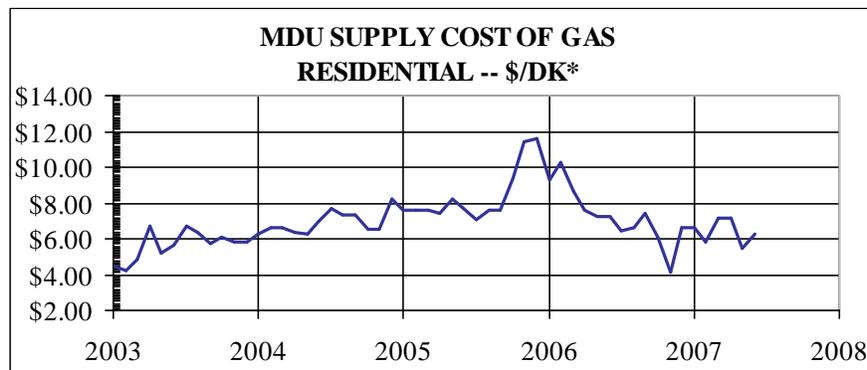
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
June 2007
Cost of Gas Adjustment-Natural Gas**

**PU-07-192
Filed 05/11/2007**

SUMMARY OF PROPOSAL:

MDU is increasing its Cost of Gas charge by \$0.801 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during June 2007. The adjustment changes the Cost of Gas charge from \$5.501 per dk to \$6.302 per dk.

For residential consumption of 3.0 dk (representative of June), the cost of gas in the bill will be approximately \$2.40 higher than last month and \$2.93 lower than June 2006. As of April 30, 2007 MDU served 88,450 natural gas customers in North Dakota.



The cost of gas change is due to:

- \$0.801 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-than-normal spring weather. Volumes of natural gas in storage remain well 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>.