

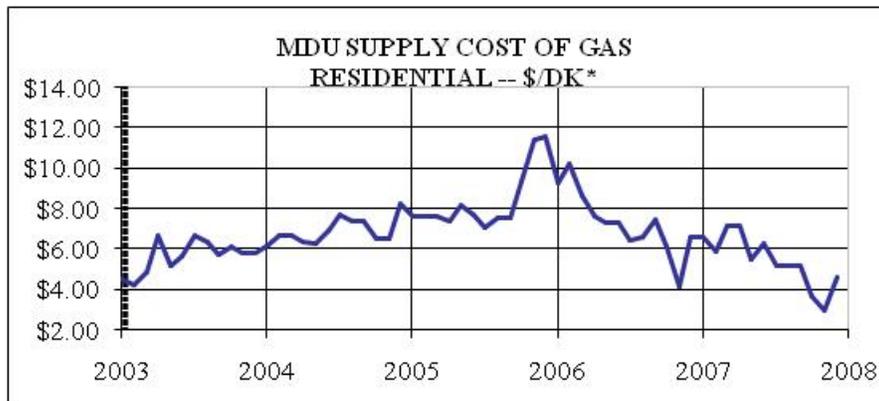
NORTH DAKOTA PUBLIC SERVICE COMMISSION
November 21, 2007

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

PU-07-749
Filed 11/09/2007

MDU is increasing its Cost of Gas charge by \$1.678 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during December 2007. The Cost of Gas charge will change from \$2.934 per dk to \$4.612 per dk.

For residential consumption of 15.0 dk (representative of December), the cost of gas in the bill will be approximately \$25.17 higher than last month and \$30.09 lower than December 2006. MDU served 89,064 natural gas customers in North Dakota as of October 31, 2007.



The cost of gas change is due to:

- \$1.672 per dk increase in the commodity cost of gas.
- \$0.006 per dk increase for additional firm transportation capacity.

The change in the commodity cost of gas is attributed to normal seasonal increase in demand for space heating and a return to market pricing, as the previous month's gas price index was at a five year low and not reflective of overall market conditions. Volumes of natural gas in storage were 8.9% above the five year average as of November 2, 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>.