

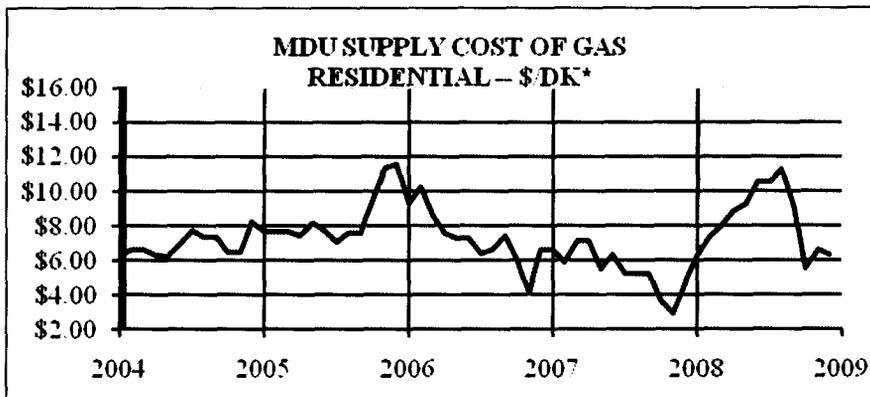
NORTH DAKOTA PUBLIC SERVICE COMMISSION  
November 20, 2008

Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
December 2008  
Cost of Gas/Natural Gas

PU-08-867  
Filed 11/10/2008

MDU is decreasing its Cost of Gas charge by \$0.29 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas used in December 2008. The Cost of Gas charge will change from \$6.655 per dk to \$6.365 per dk.

For residential consumption of 15 dk (representative of December), the cost of gas in the bill will be approximately \$4.35 lower than last month and \$26.30 higher than December 2007. MDU served 90,457 natural gas customers in North Dakota as of October 31, 2008.



The cost of gas change is due to:

- \$0.29 per dk decrease in the commodity cost of gas.
- No change in pipeline costs.

The change in the commodity cost of gas is attributed to the continued decline in crude oil prices, strong year over year increase in domestic natural gas production and higher than normal seasonal storage injections. Volumes of natural gas in storage nationwide were 2.3 percent above the five-year average as of October 31, 2008.

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>.