

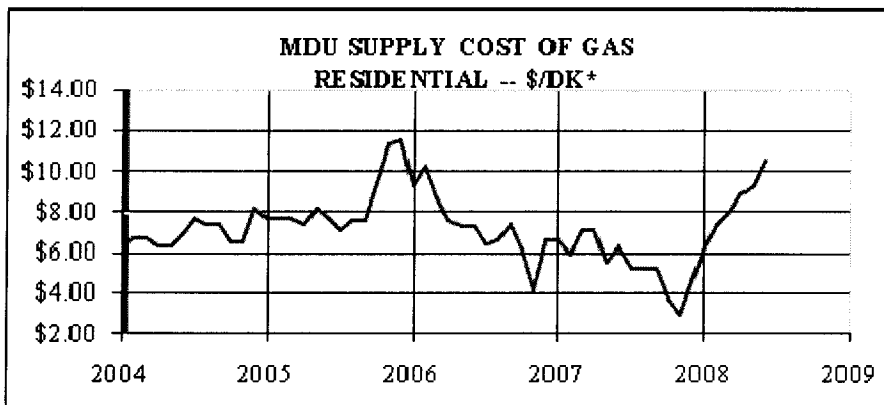
NORTH DAKOTA PUBLIC SERVICE COMMISSION
May 21, 2008

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

PU-08-206
Filed 05/12/2008

MDU is increasing its Cost of Gas charge by \$1.233 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas used in June 2008. The Cost of Gas charge will change from \$9.281 per dk to \$10.514 per dk.

For residential consumption of 3.0 dk (representative of June), the cost of gas in the bill will be approximately \$3.70 higher than last month and \$12.64 higher than June 2007. MDU served 89,742 natural gas customers in North Dakota as of April 30, 2008.



The cost of gas change is due to:

- \$1.233 per dk increase in the commodity cost of gas.
- No change in pipeline costs.

The change in the commodity cost of gas is attributed to continuing cold weather throughout much of the nation. Additionally, record high crude oil prices provided upward pressure on all energy commodities. Volumes of natural gas in storage were 3 Bcf below the five year average as of April 25, 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>.