MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

ORIGINAL

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

July 10, 2008

Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505

Re: Cost of Gas Adjustment
(COG) Rate 88
Case No. PU-08-___

In accordance with North Dakota Century Code Section 49-05-05, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits an original and seven (7) copies of a Cost of Gas (COG) change pursuant to the terms of Rate 88. In this filing, Montana-Dakota also requests a deviation from two provisions of its Rate 88 tariff in accordance with North Dakota Rules Chapter 69-09-01-30.9. The waivers apply to the surcharge adjustment and rate implementation as more fully described below.

Attachment A is the Rate Summary Sheet (65th Revised Sheet No. 3) showing the proposed natural gas rates, to be effective with service rendered August 1, 2008.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has increased $0.516 per dk since the last filing due to an increase in the overall market price of gas. Attachment B explains the reasons for the increase in the market price of gas. In addition, as discussed on Attachment C, Montana-Dakota has increased its firm transportation capacity from NorthWestern Energy, effective June 1, 2008, that has no effect on the cost of gas. Montana-Dakota is also proposing to implement an out-of-cycle surcharge to reflect a zero adjustment to be effective August 1, 2008. The change in the surcharge adjustment is an increase of $0.233 per dk for residential and firm general service customers.

The COG tariff sheet, Exhibit A, summarizes the gas cost adjustment, calculated pursuant to the terms of Rate 88, and the surcharge adjustment and margin sharing provision that will apply during the month of August 2008.

The net effect of this filing, calculated pursuant to the terms of Rate 88, is an increase of $0.749 per dk for residential and firm general service customers, an increase of $0.930 per dk for small and large interruptible customers and an increase of $0.646 per dk for Air Force interruptible customers from the currently effective rates.

Exhibit B shows the calculation of the current gas cost adjustment that will be applicable

PU-08-491 Filed: 7/10/2008 Pages: 36
August 2008 Cost of Gas
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.

to Montana-Dakota's customers for the month of August 2008. The average cost of gas for firm customers, adjusted for losses, is $11.272.

Exhibit C shows the calculation of the return on storage inventory balances and prepaid demand and commodity balances using the calculation procedure set forth in Rate 88.

The overall rate of return of 8.791% was authorized by the Commission in Case No. PU-04-97.

Montana-Dakota requests a deviation from Section 4(a) of the Cost of Gas tariff, which specifies that the surcharge adjustment is effective October 1 of each year. Montana-Dakota is proposing to implement an out of cycle surcharge adjustment in all classes effective August 1, 2008 and recalculate the surcharge adjustment in October 2008, pursuant to the terms of the tariff. The current surcharge adjustments were established in October 2007 and reflected an over recovery of gas costs. Montana-Dakota is now in the position of having an under recovery of gas costs in the firm and interruptible classes, while the Air Force class currently reflects an over recovery of gas costs, as shown in Exhibit D. In order to avoid adding to the under recovery for the firm and interruptible classes and over recovery for the Air Force, Montana-Dakota proposes to eliminate the current negative surcharge and implement a zero surcharge.

The proposed adjustment will amount to an increase of approximately $257,600 during the month of August 2008. All of Montana-Dakota's retail gas customers in North Dakota may be affected by this proposal. There were 89,602 customers in North Dakota as of June 30, 2008.

Montana-Dakota also requests a deviation from Section 2(a) of its Rate 88 tariff, which specifies that the cost of gas be implemented with bills rendered effective on the first date of each month. Montana-Dakota requests to continue implementation of the COG adjustment on a service rendered basis for bills submitted to customers in August and September and will continue to advise customers via bill inserts that usage prior to August 1, 2008 will be billed at the rate established in June (also effective in July) and usage on and after August 1, 2008 will be billed at the cost of gas established in this filing.

Please refer all inquiries regarding this filing to:

Ms. Rita A. Mulkern
Regulatory Analysis Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota submitted a check for the amount of $400.00 in accordance with North Dakota Century Code Section 49-05-05 on May 9, 2008. This payment will cover the filing fee associated with the monthly COG filings for June through December, 2008.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed stamped envelope.

Sincerely,

Tamie A. Aberle

Tamie A. Aberle
Pricing & Tariff Manager

Attachments
Cc:: D. Ball

STATE OF NORTH DAKOTA)
: ss.
COUNTY OF BURLEIGH)

Tamie A. Aberle, being first duly sworn, deposes and says; that she is the Pricing & Tariff Manager of Montana-Dakota Utilities Co., the Applicant herein; that she has read the foregoing Application, knows the contents thereof, and that the same is true and correct to the best of her knowledge, information and belief.

Dated this 10th day of July 2008.

Tamie A Aberle

Tamie A. Aberle

Subscribed and sworn to before me this 10th day of July 2008.

SARA J GRAF
Notary Public
State of North Dakota
My Commission Expires September 18, 2013

Sara J. Graf

Sara J. Graf, Notary Public
Burleigh County, North Dakota
My Commission Expires: 09/18/2013

OF COUNSEL:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

Attachment A

Rate Summary Sheet
(Proposed)

Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota
Gas Rate Schedule

RATE SUMMARY SHEET

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge	COG Items	Total Rate/ Dk
Residential Rate 60	4	$0.30 per day	$0.812	$11.263	$12.075
Air Force Rate 64	7				
Minot Air Force Base		$1,000.00 per month			
PAR Site		$135.00 per month			
Firm Service			$0.138	$11.263	$11.401
Interruptible Service - PAR			$0.120	$10.357	$10.477
Interruptible Service - MAFB			$0.120	$10.310	$10.430
Firm General Service Rate 70	13				
Meters rated < 500 cubic feet		$0.52 per day			
Meters rated > 500 cubic feet		$1.75 per day	$0.597	$11.263	$11.860
			(Maximum)		(Maximum)
Small Interruptible Gas Rate 71	14	$100.00 per month	$0.871	$10.357	$11.228
Optional Seasonal Gas					
Service Rate 72	15				
Meters rated < 500 cubic feet		$0.52 per day			
Meters rated > 500 cubic feet		$1.75 per day			
Winter Gas Usage			$0.597	$11.344	$11.941
Summer Gas Usage			$0.597	$10.429	$11.026
Transportation Service	24				
Small Interruptible Rate 81		$150.00 per month			
Maximum			$0.427		
Minimum			$0.102		
Fuel Charge				$0.047	
Large Interruptible Rate 82		$725.00 per month			
Maximum			$0.298		
Minimum			$0.061		
Fuel Charge				$0.047	
			(Maximum)		(Maximum)
Large Interruptible Gas Rate 85	27	$675.00 per month	$0.719	$10.357	$11.076
Residential Propane Rate 90	32	$0.30 per day	$0.812	$19.060	$19.872
Firm General Propane Rate 92	34				
Meters rated < 500 cubic feet		$0.52 per day			
Meters rated > 500 cubic feet		$1.75 per day	$0.597	$19.060	$19.657

Date Filed: July 10, 2008 **Effective Date:**

Issued By: Donald R. Ball
Vice President - Regulatory Affairs **Case No.:**

Montana-Dakota Utilities Co.
Market Conditions for Regional Natural Gas

August 2008

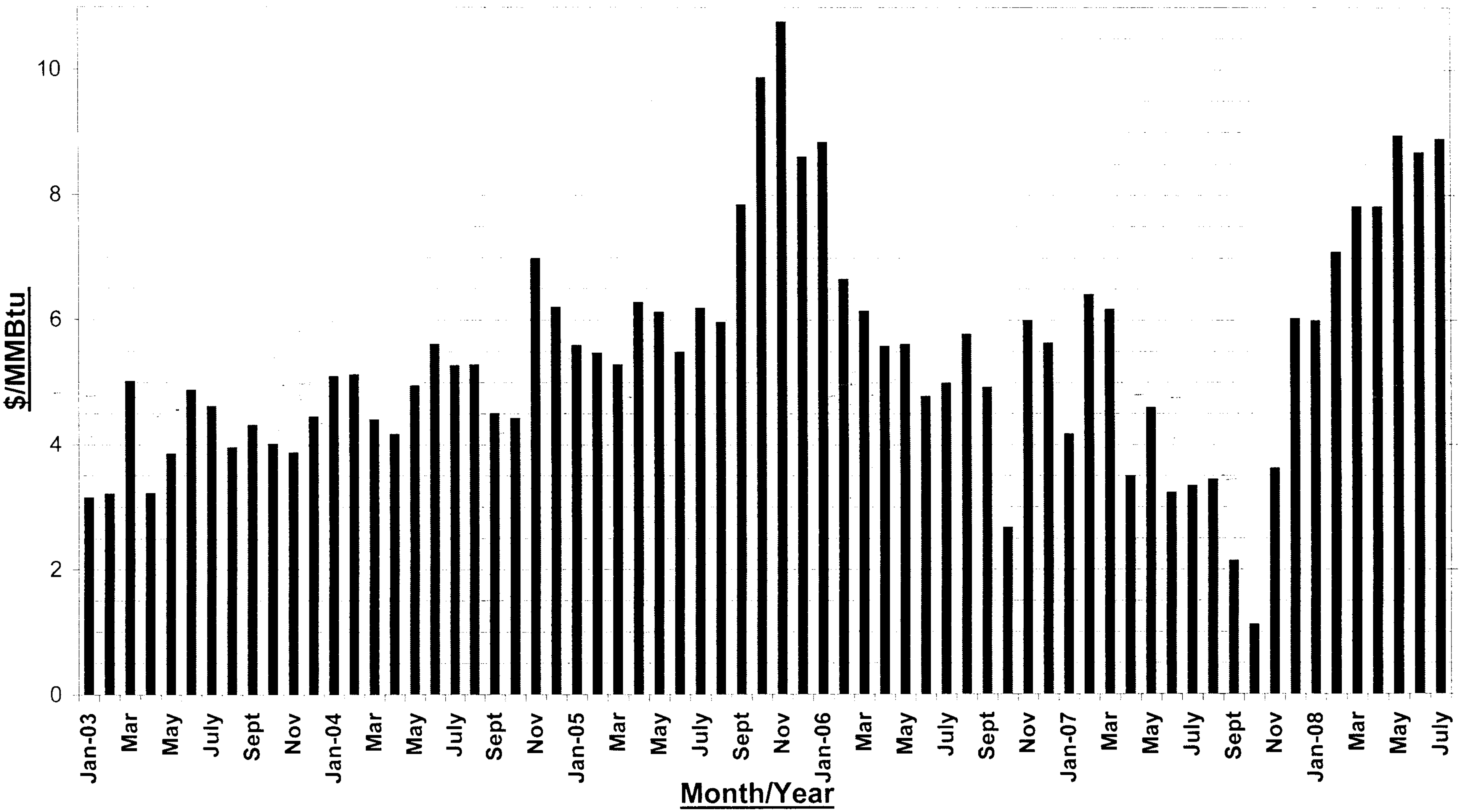
The established July monthly price for the Rocky Mountain CIG Index increased from the previous month. The CIG Rocky Mountain Index is based on a price discovery survey by several natural gas periodicals, including "Inside FERC Gas Market" report and "Gas Daily" by McGraw-Hill Companies, of prices paid by willing sellers and buyers of quantities of gas in that region. That price is most reflective of natural gas prices in the Rocky Mountain region and indicative of a majority of the supplies Montana-Dakota purchases for its requirements.

The price increase over the previous month likely can be attributed to summer heat sustaining demand for natural gas electric generation, low LNG imports, rising crude oil prices, and ongoing concerns about the sufficiency of natural gas supplies. The Department of Energy (DOE) Energy Information Administration (EIA) reported storage levels nationwide as of June 27, 2008 were 15.2 percent below last years balance and 2.6 percent below the five-year average.

NYMEX futures prices remain high reflecting that the mindset of persisting tight supply in the natural gas market is expected to continue. The EIA provides various publications on energy issues. The information is available on their website: http://www.eia.doe.gov.

The July Short-Term Energy Outlook specific to natural gas prices, supply and demand is provided as pages 3 through 10.

CIG Rocky Mountains Index
Monthly Gas Prices 2003-2008 YTD



From Inside F.E.R.C.'s Gas Market Report
Annual Averages: - 2006-$5.63; 2007-$3.97; 2008YTD-$7.89

www.eia.doe.gov
Energy Information Administration

July 2008

Short-Term Energy Outlook

July 8, 2008 Release

Highlights

- The spot price of West Texas Intermediate (WTI) crude oil increased from $122 per barrel on June 4 to $145 per barrel on July 3. Global supply uncertainties, combined with significant demand growth in China, the Middle East, and Latin America are expected to continue to pressure oil markets. WTI prices, which averaged $72 per barrel in 2007, are projected to average $127 per barrel in 2008 and $133 per barrel in 2009.

- Regular-grade gasoline is expected to average $3.84 per gallon in 2008, more than $1 per gallon above the 2007 average price. The U.S. average regular-grade gasoline price, about $4.10 per gallon on June 30, is projected to remain over $4 per gallon until the fourth quarter of 2009. Retail diesel fuel prices, which averaged $2.88 in 2007, are projected to average $4.35 per gallon in 2008 and $4.48 per gallon in 2009.

- World consumption of liquid fuels and other petroleum is projected to grow by almost 900,000 barrels per day (bbl/d) in 2008 and by an additional 1.4 million bbl/d in 2009, while U.S. consumption is expected to decline by about 400,000 bbl/d in 2008. Adjusting for increased ethanol use, U.S. petroleum consumption is projected to fall by 530,000 bbl/d in 2008.

- The Henry Hub natural gas spot price averaged $7.17 per thousand cubic feet (Mcf) in 2007 and is expected to average $11.86 per Mcf in 2008 and $11.62 per Mcf in 2009.

- Rapidly increasing delivered fuel costs for power generation, particularly for natural gas, are pushing up electricity prices. Residential electricity prices are projected to increase by an annual average of about 5.2 percent in 2008 and 9.8 percent in 2009 compared with an increase of 2.2 percent in 2007.

Global Petroleum

The oil market remains tight, evidenced by rising prices, low surplus production capacity, and the concern that global supply growth may not keep pace with demand growth over the near term. Preliminary estimates indicate that higher oil consumption in the second quarter and a modest increase in production left Organization for Economic Cooperation and Development (OECD) commercial inventories below the 5-year average at the end of June.

Saudi plans to raise production from 9.4 million bbl/d in June to 9.7 million bbl/d in July, a 27-year high for the nation, have not resulted in an easing of prices. Supply losses in Nigeria and heightened tensions between Iran and Israel raised new concerns about future supplies. Moreover, while the Saudi action adds supplies to the market, remaining available surplus production capacity during the third quarter is at the low level of about 1.2 million bbl/d, all concentrated in Saudi Arabia.

Consumption. World oil consumption continues to grow despite 7 consecutive years of rising prices. Preliminary data indicate that world oil consumption during the first half of 2008 rose by roughly 520,000 bbl/d compared with year-earlier levels. Compared to year-ago levels, this increase reflects a 170,000-bbl/d gain in the first quarter, followed by an 870,000-bbl/d increase in the second quarter. A 760,000-bbl/d decline in consumption in OECD countries during the first half of 2008, mainly concentrated in the United States, was more than offset by a 1.3-million-bbl/d increase in consumption in non-OECD nations led by China and the Middle East (World Oil Consumption). World oil consumption is projected to rise by almost 1.2 million bbl/d during the second half of the year, reflecting the impact of higher expected prices, lower economic growth, and growing pressure in some countries (such as India, Malaysia, Indonesia, and China) to ease price subsidies, which could dampen consumption growth. Global consumption in 2009 is expected to increase by 1.4 million bbl/d because of upward revisions in projected 2009 economic growth in some regions, such as Latin America. If financial strains in the United States spread to foreign nations, depressing economic growth, consumption growth would also slow.

Non-OPEC Supply. The pace of supply growth in non-Organization of the Petroleum Exporting Countries (OPEC) is another key determinant of future market conditions. Despite higher prices and recent past projections of substantial growth in non-OPEC supplies that matched or exceeded consumption growth, actual non-OPEC production fell far short of both expectations and consumption growth. Faster declines in older fields and delays in expansion projects have limited supply growth. At the beginning of this year, non-OPEC supply growth was projected to rise by 860,000 bbl/d in 2008 and by over 1.5 million bbl/d in 2009. Production is now expected to rise by only 230,000 bbl/d in 2008 and by 830,000 bbl/d in 2009. Lower-than-expected production from Russia and the North Sea, along with lowered expectations for Brazil, are the principal reasons for lower non-OPEC supply levels. Second-half 2008 non-OPEC supply is expected to increase by about 700,000 bbl/d, driven by growth in Brazil and Azerbaijan (Non-OPEC Oil Production Growth). Given recent history, possible additional delays in key projects as well as accelerating production declines in some older fields cannot be ruled out. As a result, net non-OPEC production gains could be less than the current forecast, leading to both higher demand for OPEC oil and higher prices than currently projected.

OPEC Supply. OPEC crude production in the second quarter of 2008 averaged an estimated 32.3 million bbl/d, up only slightly from 32.2 million bbl/d in the first quarter. Higher production in Iraq and Angola more than offset lower production in Nigeria caused by security problems and worker strikes. Assuming that Saudi Arabia's announcement of raising July output to 9.7 million bbl/d results in a higher sustained rate of production through at least September, OPEC crude production is projected to average 32.7 million bbl/d during the third quarter. At these production levels, available surplus production capacity during the third quarter would be only 1.2 million bbl/d, marking the third consecutive quarter that surplus capacity stood at or below 1.5 million bbl/d. All of this capacity is held by Saudi Arabia (OPEC Surplus Oil Production Capacity). Any industry operating at close to 99 percent of capacity will remain vulnerable to surprises that either boost consumption or disrupt production. Such surprises would place additional upward pressure on prices and contribute to oil price volatility. In this tight global oil market, OPEC countries have also faced delays in adding new production capacity, notably in Algeria and in Saudi Arabia, whose 500,000 bbl/d Khursaniyah project has been pushed back to the end of 2008.

Inventories. OECD commercial inventories declined during the first quarter of 2008 by 39 million barrels. During the second quarter, inventories increased by only 36 million barrels, well below the average build of 83 million barrels during this time of year. At the end of the second quarter, estimated OECD commercial inventories stood at 2.57 billion barrels, 26 million barrels below the 5-year average and equal to 53 days of forward consumption (Days of Supply of OECD Commercial Stocks).

U.S. Petroleum

Production. In 2008, total domestic crude oil output is projected to average 5.14 million bbl/d, up slightly from the 2007 average of 5.10 million bbl/d (U.S. Crude Oil Production). Production growth in the Lower-48 region is expected to more than offset declines in Alaskan output. In 2009, total production is projected to increase to

5.27 million bbl/d, due mostly to the Thunder Horse and Tahiti platforms coming on-stream in late 2008 and 2009, respectively. This projection includes an expectation of hurricane-induced outages of an estimated 11 million barrels for the offshore region in 2008 (see *Hurricane Outlook*). Fuel ethanol production is projected to increase from an annual average of 420,000 bbl/d in 2007 to 560,000 bbl/d in 2008 and to 640,000 bbl/d in 2009.

Consumption. Total petroleum consumption is projected to shrink by 400,000 bbl/d in 2008, a sharper drop than the nearly 300,000 bbl/d projected in the previous *Outlook,* based on prospects for a weak economy and record high crude oil and product prices extending into 2009 (U.S. Petroleum Products Consumption Growth). In 2009, total consumption is projected to remain almost flat at the 2008 level.

Prices. WTI crude oil prices, which averaged $72 per barrel in 2007 (Crude Oil Prices), are projected to average $127 per barrel in 2008 and $133 per barrel in 2009.

Regular-grade motor gasoline retail prices, which averaged $2.81 per gallon in 2007, are projected to rise to an average of $3.84 per gallon this year and $4.06 per gallon in 2009. These prices hit a record of $4.10 per gallon on June 30. For the remainder of 2008, pump prices are projected to remain well above $4.00 per gallon. This forecast reflects very weak gasoline margins because of the decline in gasoline consumption and growth in ethanol supply.

Diesel fuel retail prices in 2008 are projected to average $4.35 per gallon, up from $2.88 per gallon last year, and increase to an average of $4.48 per gallon in 2009. These higher prices reflect strength in diesel demand, particularly in emerging markets, which has significantly increased the margins between diesel prices and crude oil costs from those of last year. Over the next few months, these prices are projected to remain near the June 30 price of $4.65 per gallon as refiner margins begin to weaken slightly, offsetting the projected rise in crude oil costs.

Natural Gas

Consumption. Total natural gas consumption is expected to increase by 2.1 percent in 2008 and by 1.1 percent in 2009 (Total U.S. Natural Gas Consumption Growth). Year-over-year increases are expected in every sector in 2008 and have been largely weather-driven thus far. In 2009, residential and commercial sector consumption is expected to be relatively unchanged while natural gas consumption for electricity generation is expected to increase by 3.2 percent. Growth in the industrial sector continues its recent upward trend, while demand for natural-gas-based fertilizers is expected to increase in the near-term as growers begin to replant following floods in the Midwest. Consumption in the industrial sector is expected to increase by 1.6 percent in 2008 and by 0.6 percent in 2009.

Production and Imports. Total U.S. marketed natural gas production is expected to increase by 6.4 percent in 2008 and by 1.6 percent in 2009. Production from the Federal Gulf of Mexico, which is now expected to decline by 1.3 percent in 2008, has been limited due to unplanned repairs on key infrastructure in the region. Production in the Lower-48 onshore region is expected to increase by 7.9 percent in 2008, more than offsetting declining production in the Gulf. In 2009, marketed natural gas production from the Federal Gulf of Mexico is projected to increase by 2.5 percent while the Lower-48 onshore region is expected to increase by 1.4 percent.

Import volumes of liquefied natural gas (LNG) to the United States continue to sag. Through the first half of 2008, LNG imports were roughly 60 percent below the amount received during the corresponding period last year. While demand for LNG supplies remains strong in Asia-Pacific and Europe, prices in the United States are becoming more competitive and may attract additional shipments in the coming months. LNG imports in 2007 totaled about 770 billion cubic feet (Bcf), however, delays in new liquefaction projects and persistent world demand are expected to result in a 290-Bcf decline in U.S. LNG imports in 2008 compared with 2007. In 2009, LNG imports are expected to reach nearly 790 Bcf as new supply enters the global market.

Inventories. On June 27, 2008, working natural gas in storage was 2,118 Bcf (U.S. Working Natural Gas in Storage). Current inventories are now 57 Bcf below the 5-year average (2003-2007) and 381 Bcf below the level during the corresponding week last year.

Prices. The Henry Hub spot price averaged $13.07 per Mcf in June, $1.42 per Mcf above the average spot price in May. Despite significant onshore production growth, the natural gas market continues to be pressured by high oil prices, low LNG imports, and a widening year-over-year storage deficit. In addition, summer cooling demand was strong in June (cooling degree-days in June were 15.7 percent more than last year and 23.5 percent more than normal), which increases the amount of natural gas used in the electric power sector. On an annual basis, the Henry Hub spot price is expected to average about $11.86 per Mcf in 2008 and $11.62 per Mcf in 2009.

Electricity

Prices. Within the past few weeks, a number of utilities have requested permission from State regulators to raise electricity rates in response to rapidly increasing delivered fuel costs for power generation. It is likely that most other utilities will soon need to pass through these increased costs to retail customers as well. As a result, the forecast for growth in electricity prices is significantly higher than it was in last month's *Outlook*. Average U.S. residential electricity prices are expected to increase by 5.2 percent in 2008 and by 9.8 percent in 2009 (U.S. Residential Electricity Prices).

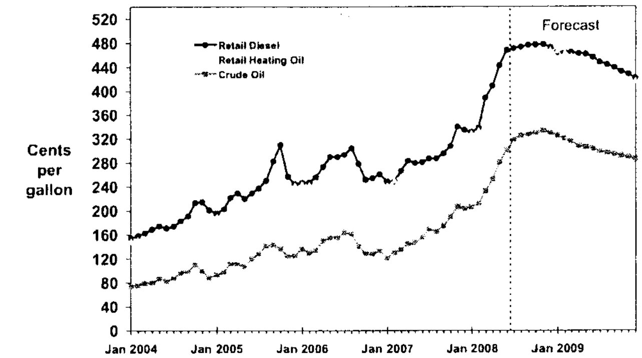
Consumption. This summer began with June about 20 percent warmer than the 30-year average (U.S. Summer Cooling Degree Days). However, the National Oceanic and Atmospheric Administration projects temperatures for the rest of the summer will be slightly cooler than normal. The reduced need for air conditioning and slow economic growth for the remainder of the year should keep electricity consumption during 2008 at about the same level as last year. Consumption is expected to grow by 1.4 percent in 2009 (U.S. Total Electricity Consumption).

Coal

Consumption. Electric-power-sector coal consumption grew by 1.9 percent in 2007. Slow growth in total electricity consumption is expected to limit growth in electric-power-sector coal consumption to 0.6 percent in 2008. Projected increases from other generation sources (nuclear, natural gas, hydroelectric, and wind) in 2009 will continue to dampen electric-power-sector coal consumption growth, projected to be 0.4 percent in 2009 (U.S. Coal Consumption Growth).

Production and Inventories. U.S. coal production (U.S. Annual Coal Production) fell by 1.5 percent in 2007. Growth in domestic consumption and exports will contribute to a 2.9-percent increase in coal production in 2008. Secondary (consumer-held) coal stocks are estimated to have grown by 5.5 percent in 2007 to 159 million short tons. Consumer stocks are expected to remain stable in 2008 and grow by an average of 2.8 percent in 2009. Primary stocks, held by coal producers/distributors, are projected to decline by more than 6 million short tons between the end of 2007 and the end of 2009.

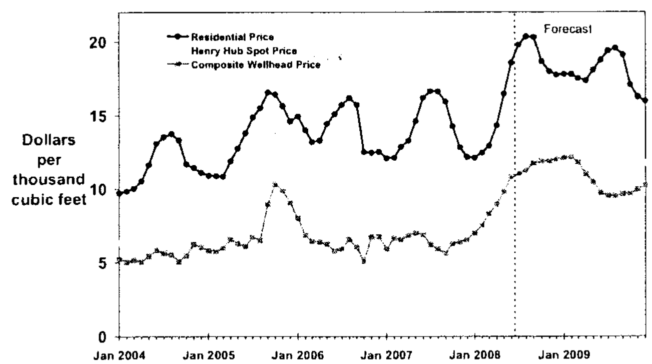
U.S. Distillate Fuel Prices



Retail prices include State and Federal taxes

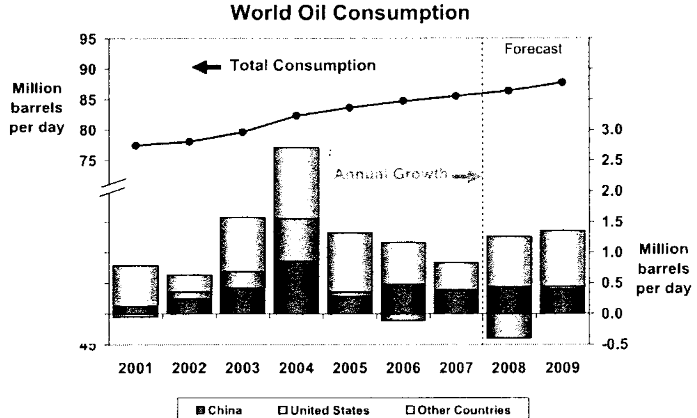
Short-Term Energy Outlook, July 2008

Natural Gas Prices

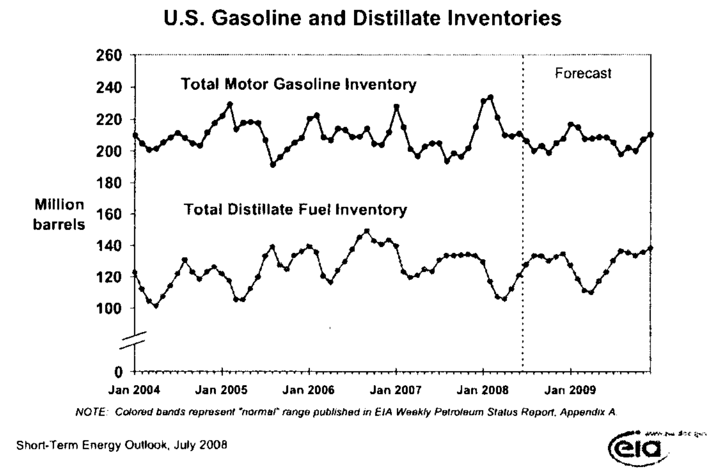


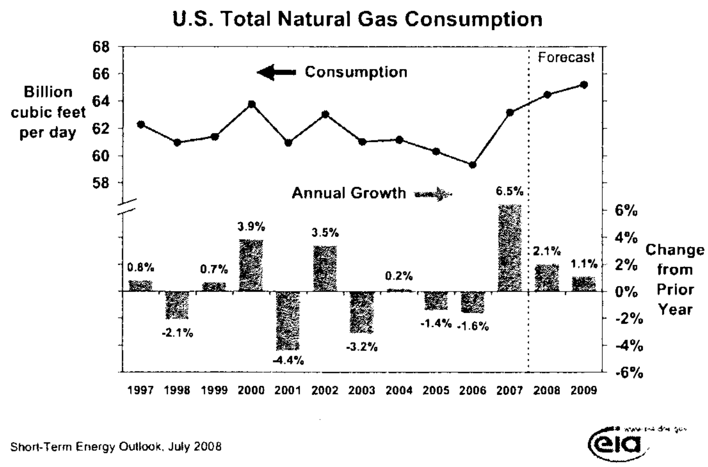
Short-Term Energy Outlook, July 2008

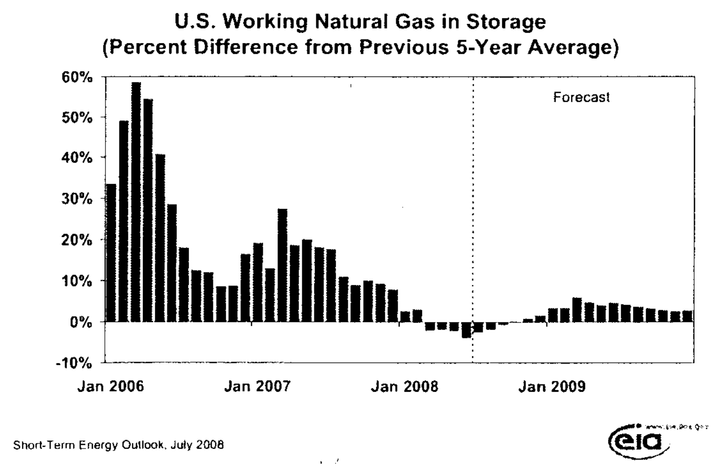
World Oil Consumption



Short-Term Energy Outlook, July 2008


U.S. Gasoline and Distillate Inventories
Million barrels
Total Motor Gasoline Inventory
Total Distillate Fuel Inventory
Forecast
260
240
220
200
180
160
140
120
100
0
Jan 2004
Jan 2005
Jan 2006
Jan 2007
Jan 2008
Jan 2009
NOTE: Colored bands represent "normal" range published in EIA Weekly Petroleum Status Report, Appendix A.
Short-Term Energy Outlook, July 2008
eia


U.S. Total Natural Gas Consumption
Billion cubic feet per day
Consumption
Annual Growth
Forecast
Change from Prior Year
68
66
64
62
60
58
6%
4%
2%
0%
-2%
-4%
-6%
0.8%
-2.1%
0.7%
3.9%
-4.4%
3.5%
-3.2%
0.2%
-1.4%
-1.6%
6.5%
2.1%
1.1%
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Short-Term Energy Outlook, July 2008
eia


U.S. Working Natural Gas in Storage
(Percent Difference from Previous 5-Year Average)
Forecast
60%
50%
40%
30%
20%
10%
0%
-10%
Jan 2006
Jan 2007
Jan 2008
Jan 2009
Short-Term Energy Outlook, July 2008
eia

Montana-Dakota Utilities Co.
Pipeline Rate Changes Since Last PGA
North Dakota

NorthWestern Energy

Montana-Dakota has increased its firm transportation capacity from NorthWestern Energy from 3,500 dk/day to 6,700 dk/day, effective June 1, 2008 to meet the increasing capacity requirements and to add additional supply diversity to Montana-Dakota's gas supply portfolio for tis customers.

Approximate impact on Montana-Dakota's cost of gas – 0.0 cents per dk

MONTANA-DAKOTA UTILITIES CO.
COST OF GAS TARIFF SHEET
NORTH DAKOTA GAS
EFFECTIVE AUGUST 2008

	Firm			
	Residential & General Service	Optional Seasonal	Small & Large Interruptible	Air Force Interruptible
Gas Cost Adjustment:				
Gas Cost Level (Exhibit B)	$11.272	$10.438	$10.357	$10.310
Prior Gas Cost	10.756	9.926	9.843	9.799
Current Gas Cost Adjustment	$0.516	$0.512	$0.514	$0.511
Surcharge Adjustment:				
Current Adjustment (Exhibit D)	$0.000	$0.000	$0.000	$0.000
Prior Adjustment	(0.233)	(0.233)	(0.416)	(0.135)
Change in Surcharge Adjustment	$0.233	$0.233	$0.416	$0.135
Margin Sharing Provision				
Current Adjustment	($0.009)	($0.009)	$0.000	$0.000
Prior Adjustment	(0.009)	(0.009)	0.000	0.000
Change in Margin Sharing Provision	$0.000	$0.000	$0.000	$0.000
Net Increase (Decrease) in Gas Costs	**$0.749**	**$0.745**	**$0.930**	**$0.646**
Gas Cost Level	$11.272	$10.438	$10.357	$10.310
Plus: Surcharge	0.000	0.000	0.000	0.000
Total Gas Cost Level in Tariff Rates	$11.272	$10.438	$10.357	$10.310

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
RESIDENTIAL AND GENERAL SERVICE
EFFECTIVE AUGUST 2008

	Amount
Total Gas Costs 1/	$154,138,652
Residential and General Service dk Requirements 2/	13,736,821
Average Cost of Gas per dk	$11.221
Average Cost of Gas as Adjusted for Losses @ 99.55%	11.272
Less: Gas Cost Level in Rates 3/	10.756
Current Gas Cost Adjustment	**$0.516**

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -13 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C.
2/ Normalized dk sales for the twelve months ended May 31, 2008, adjusted for losses at .45%.
3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-206:

Cost of Purchased Gas	$10.708
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$10.756

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
OPTIONAL SEASONAL - RATE 72
EFFECTIVE AUGUST 2008

Summer - June - September	
Total Gas Costs 1/	$154,138,652
Less: Annual MDDQ Costs 1/	11,403,807
Total Gas Costs excluding MDDQ	$142,734,845
Firm Service Requirements 1/	13,736,821
Other Gas Costs per Dk (excluding MDDQ)	$10.391
Summer Seasonal Rate, adjusted for losses 2/	10.438
Less: Gas Cost Level in Rates 3/	9.926
Current Gas Cost Adjustment	**$0.512**
Winter - October - May	
Annual MDDQ Costs 1/	$11,403,807
Winter Firm Service Requirements	12,524,009
MDDQ Costs per Winter Dk	$0.911
Add: Other Gas Costs per Dk	10.391
Winter Seasonal Rate	11.302
Winter Seasonal Rate, adjusted for losses 2/	$11.353

1/ Exhibit B, page 1.
2/ Loss factor of .45%.
3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-206:

	Summer	Winter
Cost of Purchased Gas	$9.881	$10.788
Adjustment for Distribution Losses	0.9955	0.9955
Gas Cost Level in Base Tariff Rates	$9.926	$10.837

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
INTERRUPTIBLE
EFFECTIVE AUGUST 2008

	Amount
Total Gas Costs 1/	$36,113,481
Interruptible Service dk Requirements	3,502,739
Average Cost of Gas per dk	$10.310
Average Cost of Gas as Adjusted for Losses @ 99.55%	10.357
Less: Gas Cost Level in Rates 2/	9.843
Current Gas Cost Adjustment	**$0.514**

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -13 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C, allocated to interruptible on MDDQ.

2/ Gas Cost Level in Current Tariff Rates Case No. PU-08-206:

Cost of Purchased Gas	$9.799
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$9.843

MONTANA-DAKOTA UTILITIES CO.
CURRENT GAS COST ADJUSTMENT - NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
EFFECTIVE AUGUST 2008

	Amount
Total Gas Costs 1/	$9,072,796
Air Force Interruptible dk Requirements	880,000
Average Cost of Gas per dk	$10.310
Less: Gas Cost Level in Rates 2/	9.799
Current Gas Cost Adjustment	**$0.511**

1/ Includes all pipeline demand and commodity charges. See Exhibit B, pages 5 -13 for currently effective pipeline rates. Also includes a return on prepaid demand, commodity and cycle storage balances as shown on Exhibit C, allocated to Air Force interruptible on MDDQ.

2/ Gas Cost Level in Current Tariff Rates Case No. PU-08-206:
Cost of Purchased Gas $9.799

Montana-Dakota Utilities Co.
Schedule of Applicable Effective Pipeline Rates
August 2008 PGA

Williston Basin Interstate Pipeline Company - Exhibit B, pages 6 - 8 for Schedules FT-1, FTN-1, and FS-1.

Northern Border Pipeline Company – Exhibit B, pages 9-10 for Schedule T-1.

Foothills Pipe Lines, Ltd. - Billed on a cost of service basis so there are no tariff sheets.

NOVA Gas Transmission – Exhibit B, page 11 for Schedule FT-D.

Kinder Morgan, Inc. (f/k/a Northern Gas Company) – Contract rate so there are no tariff sheets.

NorthWestern Energy – Exhibit B, page 12 for Schedule T-FTG-1.

South Dakota Intrastate Pipeline – Exhibit B, page 13 for Rate 1.

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FT-1						
RESERVATION CHARGE						
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)						
MAXIMUM	RATE PER EQV. DKT PER MO.	737.928	N.A.	N.A.	N.A.	737.928
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
COMMODITY CHARGE						
MAXIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310
MINIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310
SCHEDULED OVERRUN CHARGE						
MAXIMUM A/B/	RATE PER DKT	30.884	0.190	N.A.	N.A.	31.074
MINIMUM A/B/	RATE PER DKT	3.120	0.190	N.A.	N.A.	3.310

A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR TRANSPORTATION FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 2.594%, CONSISTING OF 2.467 % FOR THE CURRENT PERCENTAGE AND 0.127% FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S TRANSMISSION FACILITIES.

B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR TRANSPORTATION. THE APPLICABLE RATE IS 0.224 CENTS, CONSISTING OF 0.299 CENTS FOR THE CURRENT RATE AND (0.075) CENTS FOR THE DEFERRAL RATE. THIS RATE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS TENDERED TO TRANSPORTER FOR SHIPPER'S ACCOUNT AT THE RECEIPT POINT(S) INTO TRANSPORTER'S TRANSMISSION FACILITIES.

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FTN-1						
RESERVATION CHARGE						
MAXIMUM DAILY DELIVERY QUANTITY (MDDQ)						
MAXIMUM	RATE PER EQV. DKT PER MO.	47.491	N.A.	N.A.	N.A.	47.491
MINIMUM	RATE PER EQV. DKT PER MO.	1.589	N.A.	N.A.	N.A.	1.589

NOTICE OF CURRENTLY EFFECTIVE RATES

(ALL RATES ARE STATED IN CENTS PER DEKATHERM OR EQUIVALENT DEKATHERM AS INDICATED)

RATE SCHEDULE	UNIT	BASE TARIFF RATE	ACA SURCHARGE	TOP THROUGHPUT SURCHARGE	GAS SUPPLY REALIGNMENT SURCHARGE	BASE TARIFF RATE PLUS SURCHARGES
RATE SCHEDULE FS-1						
CAPACITY RESERVATION						
MAXIMUM	RATE PER EQV. DKT PER MO.	2.102	N.A.	N.A.	N.A.	2.102
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
CAPACITY DELIVERABILITY						
MAXIMUM	RATE PER EQV. DKT PER MO.	190.602	N.A.	N.A.	N.A.	190.602
MINIMUM	RATE PER EQV. DKT PER MO.	0.000	N.A.	N.A.	N.A.	0.000
INJECTION						
MAXIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
WITHDRAWAL						
MAXIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
SCHEDULED OVERRUN CHARGE						
INJECTION						
MAXIMUM A/B/	RATE PER DKT	23.920	N.A.	N.A.	N.A.	23.920
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888
WITHDRAWAL						
MAXIMUM A/B/	RATE PER DKT	23.920	N.A.	N.A.	N.A.	23.920
MINIMUM A/B/	RATE PER DKT	0.888	N.A.	N.A.	N.A.	0.888

A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR STORAGE FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 0.372%, CONSISTING OF 0.507% FOR THE CURRENT PERCENTAGE AND (0.135%) FOR THE DEFERRAL PERCENTAGE. THIS PERCENTAGE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.

B/ SHIPPER MUST REIMBURSE TRANSPORTER FOR ELECTRIC POWER USED FOR STORAGE. THE APPLICABLE RATE IS 0.079 CENTS, CONSISTING OF 0.031 CENTS FOR THE CURRENT RATE AND 0.048 CENTS FOR THE DEFERRAL RATE. THIS RATE SHALL BE APPLIED TO THE APPLICABLE QUANTITIES OF GAS INJECTED AND/OR WITHDRAWN BY TRANSPORTER FOR SHIPPER'S ACCOUNT AT TRANSPORTER'S STORAGE FACILITIES.

Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Seventh Revised Sheet No. 98
Superseding
Sixth Revised Sheet No. 98

STATEMENT OF RATES
2/ 3/

Rate Schedule	Long-Term Base Tariff Rate (per 100 Dth-Miles) 1/
T-1 and T-1B	
Daily Reservation Rate - Port of Morgan, MT to Ventura, IA	
Maximum	$0.0321
Minimum	$0.0000
Daily Reservation Rate - Ventura, IA to North Hayden, IN	
Maximum	$0.0345
Minimum	$0.0000
Commodity Rate - Port of Morgan, MT to North Hayden, IN	
Maximum	$0.0004
Minimum	$0.0004

1/ Applicable to any Rate Schedule T-1 U.S. Shippers Service Agreement or any Rate Schedule T-1B Service Agreement with a primary term of at least twelve consecutive months.
2/ The Settlement Base Rates, pursuant to the Stipulation at Docket No. RP06-72-000, et al., remain in effect until such rates are superseded by new base rates placed into effect consistent with the provisions of the Stipulation.
3/ Rates on this sheet are subject to the revenue retrieval provision pursuant to Article X of the Stipulation at Docket No. RP06-72-000, et al.

Issued by: Raymond D. Neppl, Vice President
Issued on: November 21, 2006 Effective on: January 1, 2007
Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP06-72-000, issued November 21, 2006, 17 FERC ¶ 61,217

Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Substitute Tenth Revised Sheet No. 99
Superseding
Ninth Revised Sheet No. 99

STATEMENT OF RATES

Commodity

Rate

Annual Charge Adjustment (ACA) Rate (per Dekatherm) 1/
$0.0019

Compressor Usage Surcharge (per 100 Dekatherm-miles) 2/
$0.0020

1/ In accordance with the Commission's regulations, the authorized FERC unit charge per dekatherm is applied to physical transportation deliveries and is applicable to all transportation rate schedules. Pursuant to Section 16 of the General Terms and Conditions herein, the ACA is effectively charged at a rate of $0.0002 per 100 Dekatherm-miles.

2/ Rate is charged in accordance with Section 45 of the General Terms and Conditions.

Issued by: Bambi L. Heckerman, Manager, Regulatory Affairs
Issued on: August 14, 2007 Effective on: October 1, 2007

Service	Rates, Tolls and Charges
1. Rate Schedule FT-R	Refer to Attachment "1" for applicable FT-R Demand Rate per month & Surcharge for each Receipt Point Average Firm Service Receipt Price (AFSRP) $168.24/$10^3m^3$
2. Rate Schedule FT-RN	Refer to Attachment "1" for applicable FT-RN Demand Rate per month & Surcharge for each Receipt Point
3. Rate Schedule FT-D	FT-D Demand Rate per month $ 4.45/GJ
4. Rate Schedule STFT	STFT Bid Price. Minimum bid of 100% of FT-D Demand Rate
5. Rate Schedule FT-DW	FT-DW Bid Price. Minimum bid of 125% of FT-D Demand Rate
6. Rate Schedule FT-A	FT-A Commodity Rate $ 0.48/10^3m^3
7. Rate Schedule FT-P	Refer to Attachment "2" for applicable FT-P Demand Rate per month
8. Rate Schedule LRS	Contract Term — Effective LRS Rate ($/$10^3m^3$/day) 1-5 years — 10.08 6-10 years — 8.42 15 years — 7.55 20 years — 6.71
9. Rate Schedule LRS-2	LRS-2 Rate per month $50,000
10. Rate Schedule LRS-3	LRS-3 Demand Rate per month $129.55/$10^3m^3$
11. Rate Schedule IT-R	Refer to Attachment "1" for applicable IT-R Rate & Surcharge for each Receipt Point
12. Rate Schedule IT-D	IT-D Rate $ 0.1606/GJ
13. Rate Schedule FCS	The FCS Charge is determined in accordance with Attachment "1" to the applicable Schedule of Service
14. Rate Schedule PT	Schedule No — PT Rate — PT Gas Rate 9006-01000-0 — $ 67.22/d — 1.0 10^3m^3/d
15. Rate Schedule OS	Schedule No. — Charge 2003034359-2 — $ 899.00 / month 2007262666-1 — $ 434.00 / month 2006253651-1 — $ 11.00 / month 2007262711-1 — $ 6.00 / month 2007262709-1 — $ 303.00 / month 2007262728-1 — $ 859.00 / month 2007262705-1 — $ 1,220.00 / month 2007263949-1 — $ 46.00 / month 2007262175-1 — $ 438.00 / month 2007262669-1 — $ 95.00 / month 2007262602-1 — $ 4.00 / month 2007262701-1 — $ 9.00 / month 2007262727-1 — $ 17.00 / month 2007262698-1 — $ 43.00 / month 2007262609-1 — $ 7.00 / month 2007262668-1 — $ 19.00 / month 2007262697-1 — $ 1,760.00 / month 2007263948-1 — $ 90.00 / month 2003004522-2 — $ 83,333.00 / month
16. Rate Schedule CO_2	Tier — CO_2 Rate ($/$10^3m^3$) 1 — 630.10 2 — 503.07 3 — 349.65

NATURAL GAS TARIFF

NorthWestern Energy

	13th	Revised	Sheet No.	80.1
Canceling	12th	Revised	Sheet No.	80.1

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for firm transportation service on the Utility Transmission System under the terms of a Firm Gas Transportation Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge	
5,001 to 10,000	$ 102.65	(I)
10,001 to 30,000	$ 147.60	(I)
>30,000	$ 327.50	(I)

PLUS:

Transmission Reservation Rate (Monthly Rate per MDDQ):

Maximum Monthly Reservation Rate for Maximum Daily Delivery Quantity (MDDQ)	$ 8.392279	(I)

Transmission Commodity Rate (Monthly Rate per Dkt):

Maximum	$ 0.063595	(I)
Minimum	$ 0.017935	(I)
GTAC Amortization	$ 0.028297	
Balancing Penalty Rate	Higher of $25.00 / Dkt. Or 150% of Market Price	

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order the above GTAC Amortization shall be in effect until the balance is extinguished.

MINIMUM BILL: Per respective contracts.

(continued)

GAS RATE SCHEDULE

South Dakota Intrastate Pipeline Company
1415 N. Airport Rd
Pierre, SD 57501
e Filed: January 24, 2001

SD P.U.C. Section No. 3
Original Sheet No. 1

Effective Date: January 10, 2001

TRANSPORTATION SERVICE Rate 1

Transportation rate is $2.398 per dekatherm.

Issued By: Lisa A. Murphy, Vice President-Chief Financial Officer

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

South Dakota Intrastate Pipeline Company

SD P.U.C. Section No. 4

**MONTANA-DAKOTA UTILITIES CO.
RETURN ON CYCLE STORAGE BALANCES
AND PREPAID DEMAND AND COMMODITY BALANCES
NORTH DAKOTA GAS
EFFECTIVE AUGUST 2008**

	General Service		
	Storage Balance 1/	Prepaid Commodity Balance 2/	Prepaid Demand
October 2007	$15,582,989	$652,377	$3,076,642
November	14,327,247	529,819	2,499,237
December	8,196,719	340,577	1,203,224
January 2008	936,990	99,099	(353,779)
February	(4,803,619)	(96,346)	(1,345,417)
March	(7,360,978)	(210,721)	(1,927,291)
April	(7,944,872)	(245,141)	(1,750,908)
May	(6,428,342)	(163,886)	(1,033,871)
June	(1,785,326)	84,786	(50,565)
July	2,984,428	357,808	969,778
August	7,765,545	615,438	1,970,787
September	14,356,216	1,205,028	2,762,819
October	18,412,931	1,329,871	3,020,305
13 month average	$4,172,302	$346,055	$695,459
Rate of Return	8.791%	8.791%	8.791%
Return	$366,787	$30,422	$61,138
Return Requirement - Revenue	$607,364	$50,376	$101,239

1/ Monthly balance from SENDOUT Model, allocated to North Dakota on ratio of storage capacity MDDQ.
2/ Monthly balance allocated to North Dakota on sales volumes.

MONTANA-DAKOTA UTILITIES CO.
(OVER)/UNDER RECOVERED GAS COST ADJUSTMENT
NORTH DAKOTA GAS
EFFECTIVE AUGUST 2008

	Firm	Interruptible	Air Force
Current Surcharge Adjustment	($0.233)	($0.416)	($0.135)
Proposed Surcharge Adjustment	0.000	0.000	0.000
Change in Surcharge Adjustment	$0.233	$0.416	$0.135

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
FIRM

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change-Additions less Adjustment	Cumulative Balance
Balance @ July 31, 2007									**($3,168,783)**
August	($1,558,884)	$0	($11,057)	($1,569,941)	259,098	$0.111	$28,760	($1,598,701)	(4,767,484)
September	(892,843)	0	(15,499)	(908,342)	279,608	0.111	31,037	(939,379)	(5,706,863)
October	(119,804)	0	(18,626)	(138,430)	482,413	(0.233)	(112,360) 2/	(26,070)	(5,732,933)
November	1,062,491	0	(15,628)	1,046,863	950,041	(0.233)	(221,360)	1,268,223	(4,464,710)
December	2,940,869	(840,039) 3/	(11,052)	2,089,778	1,836,296	(0.233)	(427,857)	2,517,635	(1,947,075)
January 2008	2,832,820	0	(4,210)	2,828,610	2,394,593	(0.233)	(557,940)	3,386,550	1,439,475
February	492,452	0	1,863	494,315	2,526,168	(0.233)	(588,597)	1,082,912	2,522,387
March	380,197	0	1,843	382,040	1,936,920	(0.233)	(451,302)	833,342	3,355,729
April	740,036	0	2,457	742,493	1,334,077	(0.233)	(310,840)	1,053,333	4,409,062
May	1,142,185	0	4,302	1,146,487	819,593	(0.233)	(190,965)	1,337,452	5,746,514
Balance @ May 31, 2008									**$5,746,514**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects 121.6 Dk @ $0.111 and 482,290.1 @ ($0.233).
3/ Reflects reallocation of gas commodity to correct allocation of storage gas.

Exhibit D
Page 3 of 4

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change-Additions less Adjustment	Cumulative Balance
Balance @ July 31, 2007									**($383,071)**
August	($226,040)	$0	($1,348)	($227,388)	27,533	($0.279)	($7,682)	($219,706)	(602,777)
September	(269,369)	0	(1,972)	(271,341)	42,600	(0.279)	(11,885)	(259,456)	(862,233)
October	(5,122)	0	(2,836)	(7,958)	31,574	(0.416)	(13,135)	5,177	(857,056)
November	(9,945)	0	(2,354)	(12,299)	55,502	(0.416)	(23,088)	10,789	(846,267)
December	(3,497)	570,270 2/	(2,125)	564,648	70,922	(0.416)	(29,504)	594,152	(252,115)
January 2008	123,903	0	(564)	123,339	94,656	(0.416)	(39,377)	162,716	(89,399)
February	2,879	0	(92)	2,787	110,067	(0.416)	(45,788)	48,575	(40,824)
March	(11,997)	0	(21)	(12,018)	86,347	(0.416)	(35,921)	23,903	(16,921)
April	45,017	0	(5)	45,012	63,843	(0.416)	(26,559)	71,571	54,650
May	8,140	0	61	8,201	48,805	(0.416)	(20,303)	28,504	83,154
Balance @ May 31, 2008									**$83,154**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects reallocation of gas commodity to correct allocation of storage gas.

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ACCOUNT BALANCE
APPLICABLE TO NORTH DAKOTA
AIR FORCE

	(Over) Under Recovery	Refunds & Other	Interest 1/	Total Net Additions	Actual Dk Sales	Adjustment Per Dk	Total Adjustment Amount	Net Change-Additions less Adjustment	Cumulative Balance
Balance @ July 31, 2007									**($114,724)**
August	($121,440)	$0	($397)	($121,837)	14,865	($0.123)	($1,828)	($120,009)	(234,733)
September	(98,822)	0	(765)	(99,587)	15,725	(0.123)	(1,934)	(97,653)	(332,386)
October	(1,386)	0	(1,090)	(2,476)	9,269	(0.135)	(1,251)	(1,225)	(333,611)
November	(26,111)	0	(913)	(27,024)	43,334	(0.135)	(5,850)	(21,174)	(354,785)
December	5,119	23,573 2/	(890)	27,802	73,394	(0.135)	(9,908)	37,710	(317,075)
January 2008	122,482	0	(728)	121,754	103,171	(0.135)	(13,928)	135,682	(181,393)
February	(5,543)	0	(204)	(5,747)	103,790	(0.135)	(14,012)	8,265	(173,128)
March	(9,571)	0	(116)	(9,687)	105,006	(0.135)	(14,176)	4,489	(168,639)
April	58,292	0	(115)	58,177	83,968	(0.135)	(11,336)	69,513	(99,126)
May	14,275	0	(88)	14,187	53,596	(0.135)	(7,235)	21,422	(77,704)
Balance @ May 31, 2008									**($77,704)**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects reallocation of gas commodity to correct allocation of storage gas.