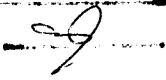


APPROVED

DATE: 7-17-08


MOTION

July 17, 2008

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

Case No. PU-08-491

I move the Commission grant the request of Montana-Dakota Utilities Co. for a deviation from its Rate 88 tariff to provide continued billing of the cost of gas adjustment on a service rendered basis for service to customers through September 2008; and to provide for an out-of-cycle surcharge adjustment effective for service rendered on and after August 1, 2008, Case No. PU-08-491.

PJF

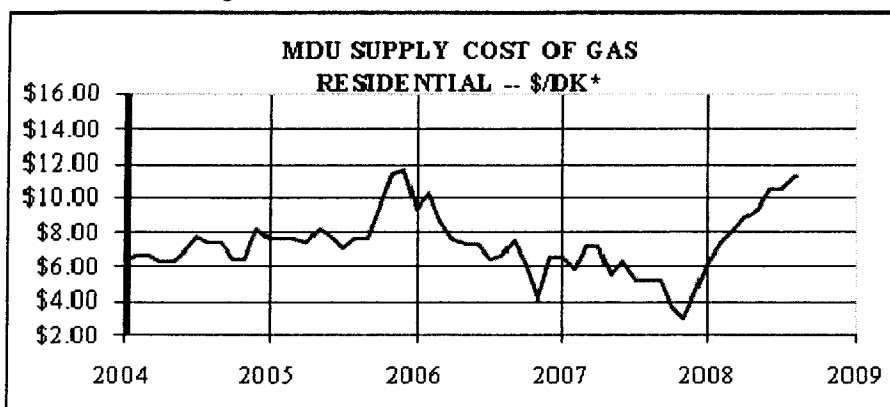
NORTH DAKOTA PUBLIC SERVICE COMMISSION
July 17, 2008

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

PU-08-491
Filed 07/10/2008

MDU is increasing its Cost of Gas charge by \$0.749 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas used in August 2008. The Cost of Gas charge will change from \$10.514 per dk to \$11.263 per dk.

For residential consumption of 2.0 dk (representative of August), the cost of gas in the bill will be approximately \$1.50 higher than last month and \$12.11 higher than August 2007. MDU served 89,602 natural gas customers in North Dakota as of June 30, 2008.



The cost of gas change is due to:

- \$0.516 per dk increase in the commodity cost of gas.
- No change in pipeline costs.
- \$0.233 per dk increase in the Surcharge Adjustment for the Unrecovered Purchased Gas Account (out-of-cycle adjustment).

The change in the commodity cost of gas is 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. Volumes of natural gas in storage were 2.6 percent below the five-year average as of June 27, 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>.