

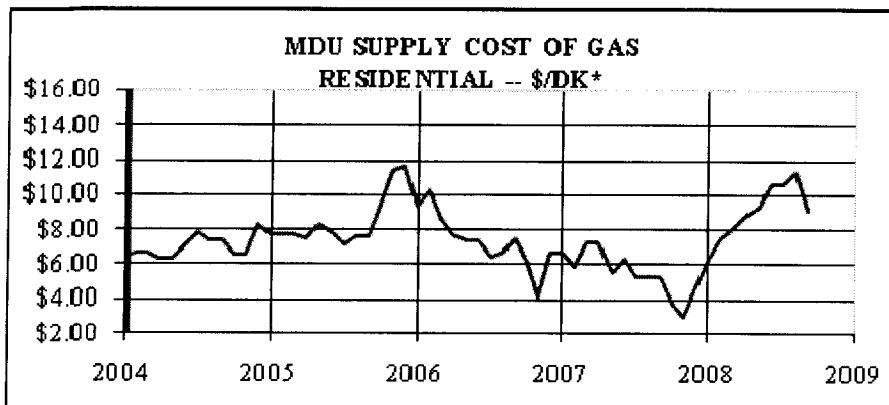
NORTH DAKOTA PUBLIC SERVICE COMMISSION
August 13, 2008

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

PU-08-673
Filed 08/11/2008

MDU is decreasing its Cost of Gas charge by \$2.221 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas used in September 2008. The Cost of Gas charge will change from \$11.263 per dk to \$9.042 per dk.

For residential consumption of 4.0 dk (representative of September), the cost of gas in the bill will be approximately \$8.88 lower than last month and \$15.33 higher than September 2007. MDU served 89,569 natural gas customers in North Dakota as of July 31, 2008.



The cost of gas change is due to:

- \$2.221 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 falling crude oil prices and easing concerns about the sufficiency of natural gas being injected into storage. Volumes of natural gas in storage were 0.2 percent below the five-year average as of August 1, 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>.