

NORTH DAKOTA PUBLIC SERVICE COMMISSION
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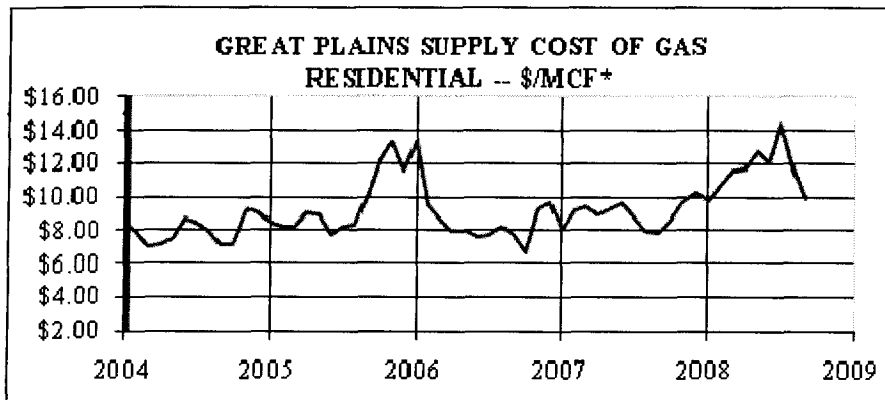
Great Plains Natural Gas Co.
September 2008
Cost of Gas

PU-08-735
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Great Plains is decreasing its cost of gas charge to residential customers by \$1.7666 per thousand cubic feet (mcf) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during September 2008.

The cost of gas on the customer bill will change from \$11.6387 per mcf to \$9.8721 per mcf.

For residential consumption of 3.5 mcf (representative of September), the cost of gas in the bill will be approximately \$6.18 lower than last month and \$6.96 higher than September 2007.



The supply-cost of gas change is due to:

- \$1.7807 per mcf decrease in the commodity cost of gas.
- \$0.0141 per mcf increase in pipeline charges.

The change in commodity cost of gas is attributed to strong year over year production increases, a significant build in the storage inventory and falling crude oil prices. The Energy Information Administration reported that, as of August 26, 2008, storage inventories nationwide were 2.6% above the five-year average.

The principal sources of natural gas for Wahpeton are the large Western Canadian Sedimentary Basin. For Great Plains, the Cost of Gas for the month is based on the established price for the Alberta Energy Company Ltd. (AECO) Index. The AECO Index is based on the weighted average one month spot price at AECO-Calgary Hub (AECO-C) / Nova Inventory Transfer (NIT) as reported by Natural Gas Exchange (NGX).

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>.

As of December 31, 2007, Great Plains served 1,694 residential customers and 2,063 total customers in North Dakota.