

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

September 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.

Attachment A is the Rate Summary Sheet (67th Revised Sheet No. 3) showing the proposed natural gas rates, to be effective with service rendered October 1, 2008.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has decreased \$4.418 per dk since the last filing due to a decrease in the overall market price of gas. Attachment B explains the reasons for the decrease in the market price of gas. There has also been a change in pipeline rates, as shown on Attachment C page 2, increasing the cost of gas \$0.042 per dk. In addition, this filing reflects the annual change in the surcharge adjustment, which is an increase of \$0.845 per dk for residential and firm general service customers and the margin sharing provision, which resulted in an increase of \$.001 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 October 2008.

The net effect of this filing, calculated pursuant to the terms of Rate 88, is a decrease of \$3.530 per dk for residential and firm general service customers, a decrease of \$4.011 per dk for small and large interruptible customers and a decrease of \$4.174 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 to Montana-Dakota's customers for the month of October 2008. The average cost of gas for firm customers, adjusted for losses, is \$4.675.

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.

Exhibit D shows the calculation of the surcharge adjustment that will apply during the period October 1, 2008 through September 30, 2009. The total surcharge is \$0.845 per dk for residential and general service customers, \$0.349 per dk for small and large interruptible customers and \$0.167 per dk for the Air Force, or an increase of \$0.845 per dk for residential and general service customers, an increase of \$0.349 per dk for small and large interruptible customers and an increase of \$0.167 per dk for the Air Force from the adjustment effective August 1, 2008.

Exhibit E shows the calculation of the interruptible margin sharing provision pursuant to the PGA tariff. Fifty percent of the non-gas commodity revenues received from small and large interruptible sales in excess of the authorized level are credited to residential and firm general service customers through the PGA. An adjustment of \$0.008 per dk will be applicable to all residential and general service customers for the period October 1, 2008 through September 30, 2009. This reflects an increase of \$0.001 per dk to customers from the current adjustment.

The proposed adjustment will amount to a decrease of approximately \$3,663,300 during the month of October 2008. All of Montana-Dakota's retail gas customers in North Dakota may be affected by this proposal. There were 89,651 customers in North Dakota as of August 31, 2008.

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,



Donald R. Ball
Vice President – Regulatory Affairs

Attachments

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

NDPSC Volume 7
67th Revised Sheet No. 3
Canceling 66th Revised Sheet No. 3

RATE SUMMARY SHEET

Page 1 of 2

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	\$5.512	\$6.324
Air Force Rate 64	7				
Minot Air Force Base		\$1,000.00 per month			
PAR Site		\$135.00 per month			
Firm Service			\$0.138	\$5.512	\$5.650
Interruptible Service - PAR			\$0.120	\$4.129	\$4.249
Interruptible Service - MAFB			\$0.120	\$3.929	\$4.049
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	\$5.512	\$6.109
Small Interruptible Gas Rate 71	14	\$100.00 per month	(Maximum) \$0.871	\$4.129	(Maximum) \$5.000
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	\$5.593	\$6.190
Summer Gas Usage			\$0.597	\$4.679	\$5.276
Transportation Service	24				
Small Interruptible Rate 81		\$150.00 per month			
Maximum			\$0.427		
Minimum			\$0.102		
Fuel Charge				\$0.017	
Large Interruptible Rate 82		\$725.00 per month			
Maximum			\$0.298		
Minimum			\$0.061		
Fuel Charge				\$0.017	
Large Interruptible Gas Rate 85	27	\$675.00 per month	(Maximum) \$0.719	\$4.129	(Maximum) \$4.848
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: September 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**

October 2008

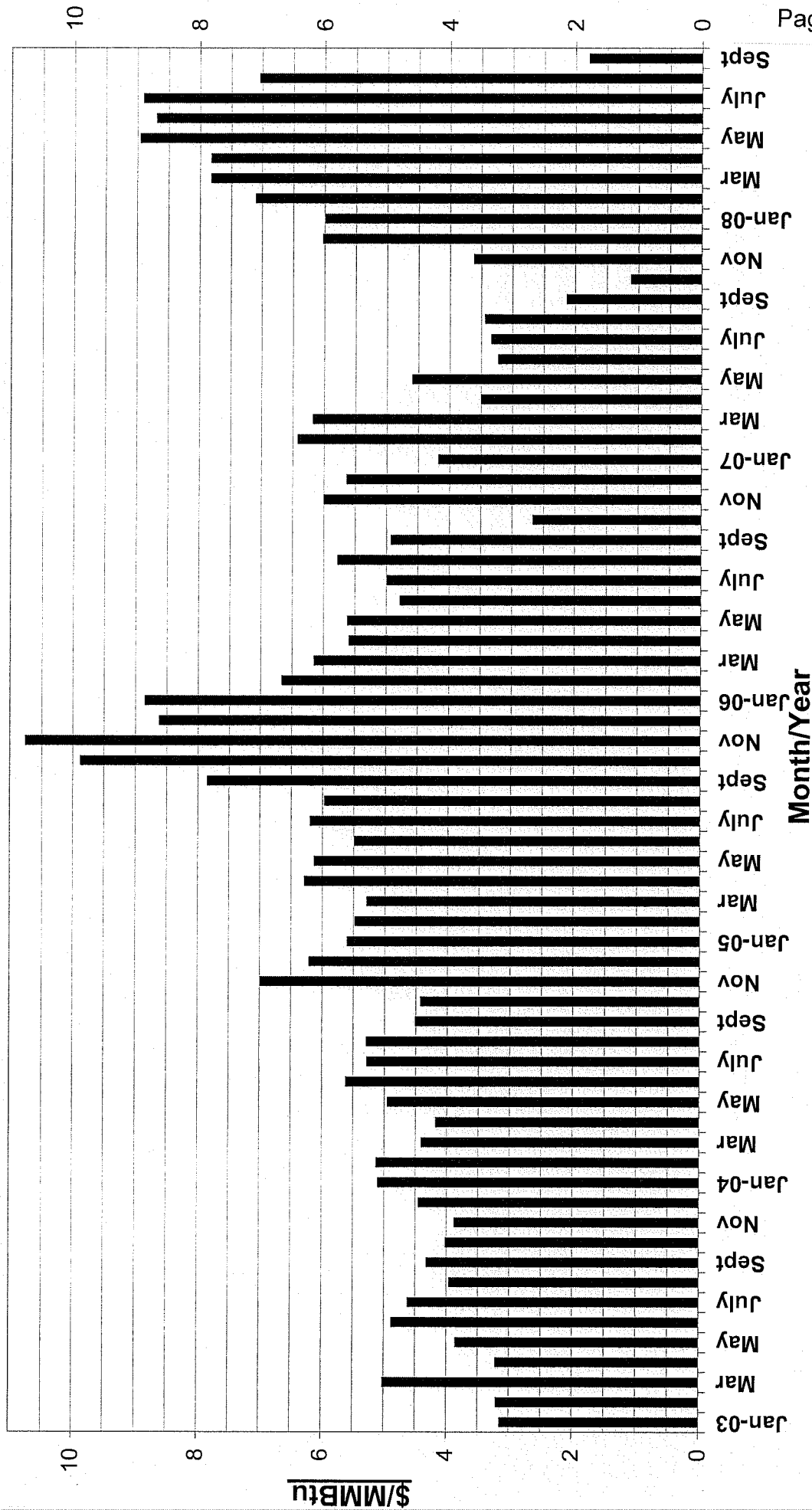
The established September monthly price for the Rocky Mountain CIG Index decreased from the previous month. The CIG Rocky Mountain Index is based on a price discovery survey by several natural gas periodicals, including "Inside FERC Gas Market" report and "Gas Daily" by McGraw-Hill Companies, of prices 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 significant price decrease from the previous month can be primarily attributed to the Rockies Express Pipeline undergoing hydrostatic testing for most of the month of September which analysts expect will cause between 500,000 and 800,000 mcf per day of natural gas to be stranded in the Rockies due to pipeline capacity constraints in the area. The Department of Energy (DOE) Energy Information Administration (EIA) reported storage levels nationwide as of August 29, 2008 were 4.9 percent below last year's balance and 3.7 percent above the five-year average.

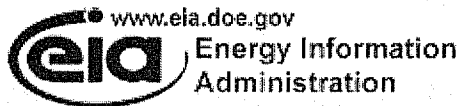
NYMEX futures prices is expected to settle into a more stable pricing environment due to continued growth in onshore production which will limit any sustained price increases. The EIA provides various publications on energy issues. The information is available on their website: <http://www.eia.doe.gov>.

The September Short-Term Energy Outlook specific to natural gas prices, supply and demand is provided as pages 3 through 11.

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-\$7.11



September 2008

Short-Term Energy Outlook

September 9, 2008 Release

Highlights

- The monthly average price of West Texas Intermediate (WTI) crude oil decreased from over \$133 per barrel in June and July to about \$117 per barrel in August, reflecting expectations of a slowdown in world petroleum demand growth. WTI, which averaged \$72 per barrel in 2007, is projected to average \$116 per barrel in 2008. Projected stronger growth in world petroleum demand is expected to increase the annual average WTI price to \$126 per barrel in 2009.
- The weekly price of regular-grade gasoline, which peaked at \$4.11 per gallon on July 14, averaged \$3.65 per gallon on September 8. Annual average retail gasoline and diesel prices in 2008 are projected to be \$3.61 and \$4.09 per gallon, respectively, compared with \$2.81 for gasoline and \$2.88 for diesel in 2007. Following the expected increase in the annual average crude oil price, gasoline and diesel prices are projected to average \$3.88 and \$4.26 per gallon, respectively, in 2009.
- The Henry Hub natural gas spot price averaged \$7.17 per thousand cubic feet (Mcf) in 2007 and is expected to average about \$9.70 per Mcf in 2008 and \$8.55 per Mcf in 2009.
- Residential heating oil prices during the upcoming heating season (October through March) are projected to average \$4.13 per gallon, an increase of about 25 percent over last heating season. Residential natural gas prices over the same period are projected to average \$14.93 per Mcf compared with \$12.72 per Mcf during the last heating season, an increase of about 17 percent.
- Heating fuel expenditures for the average household using oil as its primary heating fuel are expected to increase by \$585 (30 percent) over last winter. The corresponding average expenditure increases for households heated with natural gas and propane are \$162 (19 percent) and \$217 (13 percent), respectively.

Global Petroleum

Overview. Sluggish Organization for Economic Cooperation and Development (OECD) consumption and prospects for increased supplies from producers outside of the Organization of the Petroleum Exporting Countries (OPEC) in the coming year have weakened market conditions. Lower demand for OPEC oil and a rebound in global surplus production capacity is expected to provide the market with a potential cushion against supply disappointments over the near term. Sentiment that a slowdown in the global economy will dampen world oil consumption growth appears to be overshadowing supply concerns stemming from geopolitical events and the absence of normal inventory build in the OECD countries through mid-2008. The disruption of Caspian export flows in August, continued tensions between Russia and Georgia, and Hurricane Gustav all failed to raise prices.

The future price path will be influenced by the pace of world gross domestic product (GDP) growth and OPEC behavior. OPEC met on September 9 in Vienna to review market conditions. EIA expects that OPEC will continue to assess market conditions in the months ahead, and will lower crude oil production over the next few quarters in order to prevent a sharp decline in prices. The main upside price risk is that the slowdown in global oil demand growth is temporary and that demand will recover. Important downside price risks include weaker demand growth due to the lagged impact of higher oil prices, weaker economic activity than anticipated, or the absence of a substantial reduction in OPEC crude oil production.

Consumption. After rising by about 370,000 barrels per day (bbl/d) during the first half of 2008, global oil consumption is projected to rise by about 970,000 bbl/d in the second half of 2008 and by 920,000 bbl/d in all of 2009 compared with year-earlier levels. Sluggish growth in consumption during the first half of 2008 was driven in large part by a 930,000-bbl/d decline in U.S. consumption. Declines in U.S. oil consumption are not expected to be as large in the second half of this year due to both relatively weak consumption in the second half of last year and the price declines over the past several months. The global oil consumption growth projections for the third and fourth quarters of 2008 represent a 130,000-bbl/d downward revision from last month's *Outlook*, mainly reflecting weaker demand in OECD countries.

Reports indicate that China plans to halt imports of selected products in September to draw down stocks built up before the Olympics. Moderation in China's demand, however, is expected to be temporary, as sustained economic growth is expected to support oil consumption growth. Over both years, lower OECD consumption is expected to be more than offset by continued non-OECD consumption growth, led by China, the Middle East, Latin America, and India ([World Oil Consumption](#)).

Non-OPEC Supply. The non-OPEC oil supply situation is expected to improve through the end of next year. If new projects come online as now anticipated, total non-OPEC supply is projected to rise by about 300,000 bbl/d in the second half of 2008 and by about 900,000 bbl/d in 2009 compared with year-earlier levels. This compares with a 280,000-bbl/d decline in non-OPEC supply recorded during the first half of 2008. Non-OPEC supply growth through 2009 is expected to be led by the United States, Brazil, and Azerbaijan (Non-OPEC Oil Production Growth). The combination of possible additional delays in key projects, heightened risks to Caspian export flows, potential impacts from hurricanes over the next few months, and the risk of weaker production trends in Russia, Mexico, and the North Sea could dampen non-OPEC supply growth, leading to both higher demand for OPEC oil and higher prices than currently projected.

OPEC Supply. OPEC crude oil production is expected to increase to 32.9 million bbl/d during the third quarter of 2008, up from 32.3 million bbl/d in the second quarter. The forecast assumes that Saudi Arabia will maintain its July 9.7-million-bbl/d production level in August and September, representing a 400,000-bbl/d rise from second quarter levels. Amid weaker market conditions and declining prices, OPEC met in Vienna on September 9 to review market conditions and consider revising its production strategy.

OPEC crude oil production is projected to drop back to about 32.8 million bbl/d in the fourth quarter of 2008 and continue to decline to an average of 32.1 million bbl/d in 2009, keeping OECD inventories near 5-year average levels measured in days of forward consumption. Lower crude oil production, combined with planned increases in OPEC total liquids production capacity, suggests OPEC surplus crude production capacity could increase from 1.2 million bbl/d currently to about 3 million bbl/d by the end of next year (OPEC Surplus Oil Production Capacity).

Inventories. Revised data indicate OECD commercial inventories during the second quarter of 2008 declined by 120,000 bbl/d, well below the average build of 910,000 bbl/d during this time of year. At the end of the second quarter, estimated OECD commercial inventories stood at 2.56 billion barrels, equal to about 53 days of forward consumption, which is close to normal levels (Days of Supply of OECD Commercial Stocks). OECD commercial inventories are projected to rise by 90,000 bbl/d in the third quarter compared with the average seasonal build of 450,000 bbl/d, which, due to falling OECD consumption, would leave OECD commercial inventories at near-normal levels in terms of days of supply at the end of the third quarter.

U.S. Petroleum

Consumption. Total U.S. petroleum and other liquids consumption is projected to decline by 610,000 bbl/d, or about 3 percent, in 2008 based on prospects for a weaker economy and high crude oil and product prices continuing into 2009 (U.S. Petroleum Products Consumption Growth). Preliminary July and August 2008 weekly survey data indicate that year-over-year declines in total consumption, which began in August 2007, have narrowed since earlier this year. During the first 6 months of 2008, total petroleum consumption fell by an average of 930,000 bbl/d compared with consumption during the same period in 2007. During July and August, the year-over-year declines averaged 660,000 bbl/d. For the rest of the year (September through December), the year-to-year decline in consumption is projected to narrow to an average of about 130,000 bbl/d.

Supply. In 2008, total domestic crude oil output is projected to average 5.13 million bbl/d, up slightly from the 2007 average of 5.06 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. This projection includes an assumption of hurricane-induced outages of about 14.5 million barrels for the offshore region in 2008 (see Hurricane Outlook). In 2009, total crude oil production is projected to increase to 5.42 million bbl/d, mostly because of the Thunder Horse and Tahiti platforms coming on-stream in late 2008 and 2009, respectively. Fuel ethanol production is projected to increase from an annual average of 430,000 bbl/d in 2007 to 590,000 bbl/d in 2008 and to 660,000 bbl/d in 2009. Because of declining petroleum consumption and growing ethanol production, total net imports of petroleum are expected to fall by 740,000 bbl/d in 2008 and by a further 460,000 bbl/d in 2009.

Prices. WTI crude oil prices, which averaged \$72 per barrel in 2007 (Crude Oil Prices), are projected to average \$116 per barrel in 2008 and \$126 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 \$3.61 per gallon this year and \$3.88 per gallon in 2009. This forecast projects continuing weak gasoline margins because of the decline in gasoline consumption and growth in ethanol use. Diesel fuel retail prices in 2008 are projected to average \$4.09 per gallon, up from \$2.88 per gallon in 2007, and increase to an average of \$4.26 per gallon in 2009. Diesel prices reflect continuing strength in demand, particularly in emerging global markets, which has significantly increased the margins between diesel prices and crude oil costs from their 2007 level.

Natural Gas

Consumption. Total natural gas consumption is expected to increase by 2.7 percent in 2008 and by 2.2 percent in 2009 (Total U.S. Natural Gas Consumption Growth).

Consumption growth is expected in all sectors during the forecast period, led by the residential and commercial sectors in 2008 and electric power in 2009. Despite higher prices through the first half of 2008, natural gas consumption in the industrial sector increased by 3.7 percent compared with the corresponding period in 2007.

Consumption in the industrial sector is expected to increase by 1.6 percent in 2008 and by 1.4 percent in 2009. However, fragile domestic economic conditions add significant uncertainty to the forecast.

Production and Imports. Total U.S. marketed natural gas production is expected to increase by 7.8 percent in 2008 and by 3.8 percent in 2009. Strong year-over-year production growth has been led by the development of onshore fields, particularly in Texas and Wyoming, where production increased by 16 and 12 percent, respectively, during the first 6 months of 2008 relative to year-ago levels. The increase in lower-48 production excluding the Federal Gulf of Mexico (GOM) has more than offset the year-over-year decline of almost 3 percent during the first half of 2008 in Federal GOM production. Federal GOM production in 2008 is projected to be slightly lower than in 2007, followed by a 4.3 percent increase in 2009. Production in the lower-48 non-Gulf region is expected to increase by 9.5 percent in 2008 and by 3.8 percent in 2009, though the projection of supply growth next year remains subject to expectations about natural gas prices.

U.S. imports of liquefied natural gas (LNG) have been severely hampered by global LNG demand growth and higher relative prices in the Asia-Pacific region and Europe. For 2008, LNG imports are expected to total about 350 billion cubic feet (Bcf), a decline of more than 50 percent, or 420 Bcf, from 2007, and then to total about 450 Bcf in 2009 as new global LNG supply is added to the market.

Inventories. On August 29, 2008, working natural gas in storage was 2,847 Bcf (U.S. Working Natural Gas in Storage). Current inventories are now 102 Bcf above the 5-year average (2003–2007) and 148 Bcf below the level during the corresponding week last year.

Prices. The Henry Hub spot price averaged \$8.49 per Mcf in August, \$2.96 per Mcf below the average spot price in July. Mild temperatures, increasing production, and lower oil prices all contributed to the price decline. Cooling degree-days in August were 4 percent below normal and 14 percent below the 5-year average. In the near term, potential hurricane disruptions present the greatest uncertainty in the price

forecast. September has historically been the peak month for hurricane activity, and EIA's current *Outlook* assumptions include shut-in production of 65 Bcf for the remainder of the season attributable to Gulf Coast storms. Nevertheless, continued growth in onshore production is expected to limit any large and sustained increases in the natural gas spot price. On an annual basis, the Henry Hub spot price is expected to average about \$9.71 per Mcf in 2008 and \$8.55 per Mcf in 2009, a decline of \$0.33 and \$0.46 per Mcf, respectively, from the previous forecast.

Electricity

Consumption. As noted above, August 2008 was much cooler than in recent years (U.S. Summer Cooling Degree-Days), with particularly mild temperatures in the Midwest region. The projected growth in electricity consumption during 2008 has been lowered from last month's *Outlook* to 0.8 percent (U.S. Total Electricity Consumption).

Prices. Some utilities increased electricity rates beginning in July and more increases are expected in the upcoming months. Average U.S. residential electricity prices are projected to increase by 5.7 percent in 2008 and by 9.5 percent in 2009 (U.S. Residential Electricity Prices).

Coal

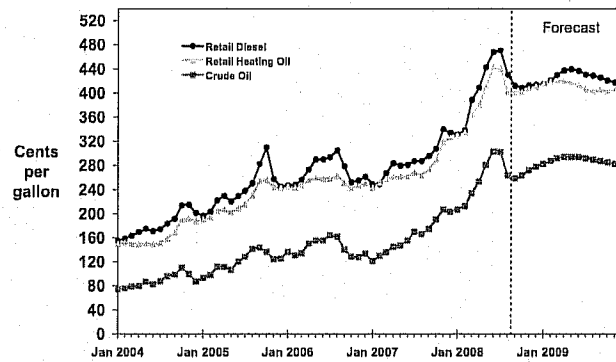
Consumption. Electric-power-sector coal consumption grew by 1.9 percent in 2007. Although first-quarter 2008 electric-power-sector coal consumption grew by about 2 percent compared with first-quarter 2007, slow growth in total electricity consumption is expected to limit growth in the sector to just 0.7 percent in 2008. In 2009, a small increase in electricity consumption, combined with projected increases from other generation sources (nuclear, natural gas, hydroelectric, and wind), will lead to a very slight decline in electric-power-sector coal consumption (U.S. Coal Consumption Growth).

Production and Inventories. U.S. coal production (U.S. Annual Coal Production) fell by 1.4 percent in 2007. Growth in both domestic consumption and particularly in exports is expected to contribute to a 2.9-percent increase in coal production in 2008. Secondary (consumer-held) coal stocks, which grew to 159 million short tons in 2007, are expected to remain stable in 2008 and grow by an average of 2.8 percent in 2009.

Exports. In the first half of 2008, U.S. coal exports increased by 13 million short tons, or 50 percent, over first-half 2007 shipments. Strong global demand for coal, combined with supply disruptions in several key coal exporting countries (Australia,

South Africa, and China), were the primary factors behind the increase in U.S. coal exports. Although the supply disruptions have ended, continued robust worldwide demand for coal is projected to lead to an overall 45-percent increase in U.S. coal exports in 2008. Coal exports are projected to be 86.5 million short tons in 2009.

U.S. Distillate Fuel Prices

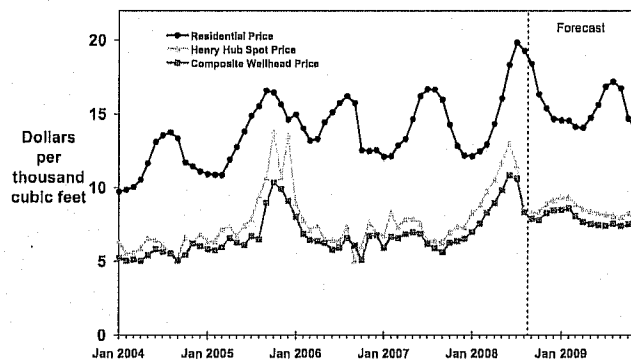


Retail prices include State and Federal taxes

Short-Term Energy Outlook, September 2008



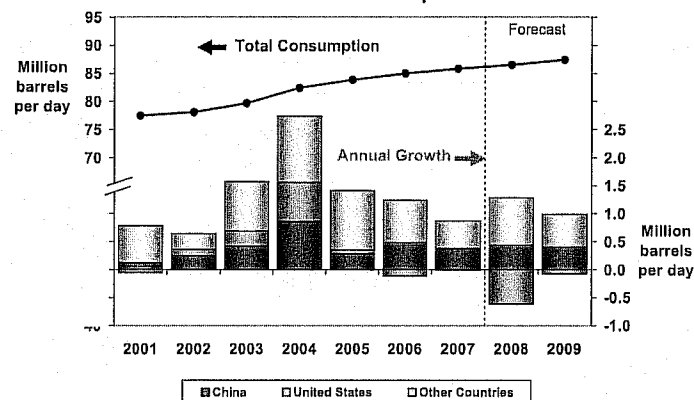
Natural Gas Prices



Short-Term Energy Outlook, September 2008



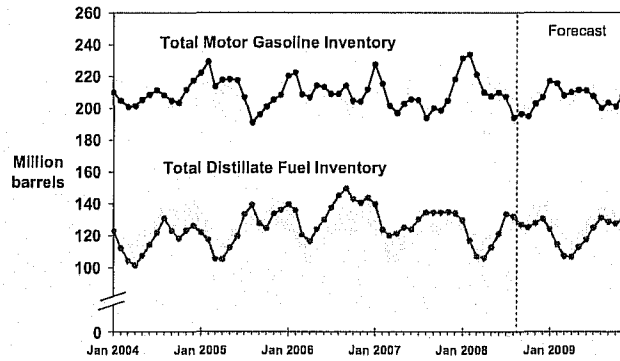
World Oil Consumption



Short-Term Energy Outlook, September 2008



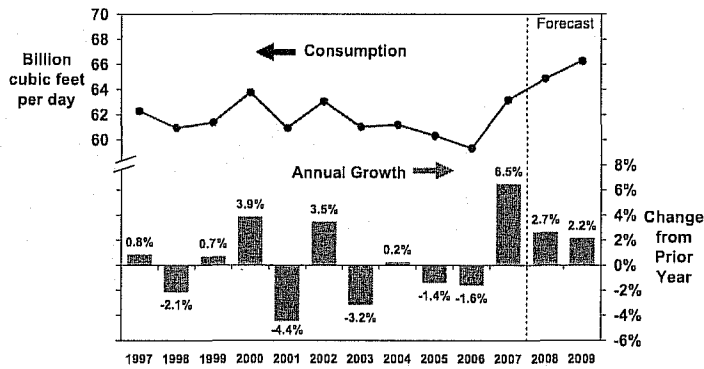
U.S. Gasoline and Distillate Inventories



Short-Term Energy Outlook, September 2008



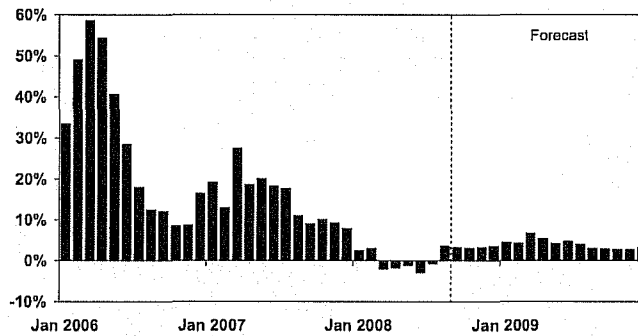
U.S. Total Natural Gas Consumption



Short-Term Energy Outlook, September 2008



U.S. Working Natural Gas in Storage (Percent Difference from Previous 5-Year Average)



Short-Term Energy Outlook, September 2008



**Montana-Dakota Utilities Co.
Pipeline Rate Changes Since Last Annual Cost of Gas Filing
North Dakota**

Nova Gas Transmission LTD.

On November 20, 2007, TransCanada filed new rates for the Alberta System with the Alberta Energy and Utilities Board to be effective January 1, 2008. The Alberta Energy and Utilities Board approved the new rates in Decision 2007-109, dated December 20, 2007.

Approximate impact on Montana-Dakota's cost of gas – 0.4 cents per dk

Foothills Pipe Lines Ltd.

On November 30, 2007, TransCanada filed new rates for the Foothills Pipe Lines Ltd. System with the National Energy Board to be effective January 1, 2008.

Approximate impact on Montana-Dakota's cost of gas – (0.1) cents per dk

NorthWestern Energy Docket No. D2007.7.82

On July 31, 2007, NorthWestern Energy filed an application with the Montana Public Service Commission for authority to establish increased electric and natural gas delivery service rates in Montana. On December 18, 2007, the Commission issued an interim order, approving an interim increase and on December 27, 2007, NorthWestern Energy filed tariffs in compliance with the interim order. The Commission approved the interim tariffs effective with service rendered on or after January 1, 2008 in Order 6852F, dated July 8, 2008.

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

Williston Basin Interstate Pipeline Company Docket No. RP08- 228-000

On February 29, 2008, Williston Basin filed its semi-annual fuel and electric power reimbursement adjustment with the FERC in Docket No. RP08-228-000, reflecting revisions to the fuel and electric power components of Williston Basin's transportation and storage rates to be effective April 1, 2008. The FERC approved the new rates in a letter order dated March 27, 2008.

Approximate impact on Montana-Dakota's cost of gas – (1.0) cent per dk

NorthWestern Energy Docket No. D2008.5.44

On May 30, 2008, NorthWestern Energy filed new rates with the Montana Public Service Commission, to reflect changes in its Gas Transportation Adjustment Clause (GTAC) in Docket No. D2008.5.44. On July 29, 2008, the Montana Public Service Commission approved the proposed tariff sheets reflecting the GTAC adjustment effective August 1, 2008.

Approximate impact on Montana-Dakota's cost of gas – (0.1) cents per dk

Williston Basin Interstate Pipeline Company Docket No. RP08-593-000

On August 29, 2008, Williston Basin filed with the FERC its tariff sheets reflecting the Commission-approved Annual Charge Adjustment to be effective October 1, 2008.

Approximate impact on Montana-Dakota's cost of gas – (0.1) cents per dk

Williston Basin Interstate Pipeline Company Docket No. RP08-590-000

On August 29, 2008, Williston Basin filed with the FERC its semi-annual fuel and electric power reimbursement adjustment reflecting revisions to the fuel and electric power components of Williston Basin's transportation and storage rates to be effective October 1, 2008.

Approximate impact on Montana-Dakota's cost of gas – 4.4 cents per dk

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

	Firm		Small & Large Interruptible	Air Force Interruptible
	Residential & General Service	Optional Seasonal		
<u>Gas Cost Adjustment:</u>				
Gas Cost Level (Exhibit B)	\$4.675	\$4.756	\$3.780	\$3.762
Prior Gas Cost	9.051	8.216	8.140	8.103
Current Gas Cost Adjustment	(\$4.376)	(\$3.460)	(\$4.360)	(\$4.341)
<u>Surcharge Adjustment:</u>				
Current Adjustment (Exhibit D)	\$0.845	\$0.845	\$0.349	\$0.167
Prior Adjustment	0.000	0.000	0.000	0.000
Change in Surcharge Adjustment	\$0.845	\$0.845	\$0.349	\$0.167
<u>Margin Sharing Provision</u>				
Current Adjustment (Exhibit E)	(\$0.008)	(\$0.008)	\$0.000	\$0.000
Prior Adjustment	(0.009)	(0.009)	0.000	0.000
Change in Margin Sharing Provision	\$0.001	\$0.001	\$0.000	\$0.000
Net Increase (Decrease) in Gas Costs	<u>(\$3.530)</u>	<u>(\$2.614)</u>	<u>(\$4.011)</u>	<u>(\$4.174)</u>
Gas Cost Level	\$4.675	\$4.756	\$3.780	\$3.762
Plus: Surcharge	0.845	0.845	0.349	0.167
Total Gas Cost Level in Tariff Rates	<u>\$5.520</u>	<u>\$5.601</u>	<u>\$4.129</u>	<u>\$3.929</u>

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

	Amount
Total Gas Costs 1/	\$63,984,598
Residential and General Service dk Requirements 2/	13,747,380
Average Cost of Gas per dk	\$4.654
Average Cost of Gas as Adjusted for Losses @ 99.55%	4.675
Less: Gas Cost Level in Rates 3/	9.051
Current Gas Cost Adjustment	(\$4.376)

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 July 31, 2008, adjusted for losses at .45%.

3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-673:

Cost of Purchased Gas	\$9.010
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$9.051

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

<u>Summer - June - September</u>	
Total Gas Costs 1/	\$63,984,598
Less: Annual MDDQ Costs 1/	<u>11,403,807</u>
Total Gas Costs excluding MDDQ	\$52,580,791
Firm Service Requirements 1/	13,747,380
Other Gas Costs per Dk (excluding MDDQ)	\$3.825
Summer Seasonal Rate, adjusted for losses 2/	3.842
 <u>Winter - October - May</u>	
Annual MDDQ Costs 1/	\$11,403,807
Winter Firm Service Requirements	12,533,636
MDDQ Costs per Winter Dk	\$0.910
Add: Other Gas Costs per Dk	<u>3.825</u>
Winter Seasonal Rate	4.735
Winter Seasonal Rate, adjusted for losses 2/	\$4.756
Less: Gas Cost Level in Rates 3/	<u>8.216</u>
Current Gas Cost Adjustment	<u><u>(\$3.460)</u></u>

1/ Exhibit B, page 1.

2/ Loss factor of .45%.

3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-673:

	<u>Summer</u>	<u>Winter</u>
Cost of Purchased Gas	\$8.179	\$9.090
Adjustment for Distribution Losses	0.9955	0.9955
Gas Cost Level in Base Tariff Rates	\$8.216	\$9.131

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

	Amount
Total Gas Costs 1/	\$13,179,199
Interruptible Service dk Requirements	3,502,739
Average Cost of Gas per dk	\$3.763
Average Cost of Gas as Adjusted for Losses @ 99.55%	3.780
Less: Gas Cost Level in Rates 2/	8.140
Current Gas Cost Adjustment	(\$4.360)

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-08-673:

Cost of Purchased Gas	\$8.103
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	\$8.140

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

	<u>Amount</u>
Total Gas Costs 1/	\$3,310,938
Air Force Interruptible dk Requirements	880,000
Average Cost of Gas per dk	\$3.762
Less: Gas Cost Level in Rates 2/	<u>8.103</u>
Current Gas Cost Adjustment	<u><u>(\$4.341)</u></u>

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-08-673:
Cost of Purchased Gas \$8.103

**Montana-Dakota Utilities Co.
Schedule of Applicable Effective Pipeline Rates
October 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	0.170	N.A.	N.A.	3.290
MINIMUM A/B/	RATE PER DKT	3.120	0.170	N.A.	N.A.	3.290
SCHEDULED OVERRUN CHARGE						
MAXIMUM A/B/	RATE PER DKT	30.884	0.170	N.A.	N.A.	31.054
MINIMUM A/B/	RATE PER DKT	3.120	0.170	N.A.	N.A.	3.290

- A/ SHIPPER MUST REIMBURSE TRANSPORTER IN-KIND FOR TRANSPORTATION FUEL USE, LOST AND UNACCOUNTED FOR GAS. THE APPLICABLE PERCENTAGE IS 2.978%, CONSISTING OF 2.851% 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 0.646 CENTS, CONSISTING OF 0.721 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

Issued by: Keith A. Tiggelaar - Director of Regulatory Affairs

Issued on: May 19, 2005

Effective on: April 19, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP00-107, et al., issued April 19, 2005

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 0.535%, CONSISTING OF 0.670% 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 0.476 CENTS, CONSISTING OF 0.428 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

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

NOVA Gas Transmission Ltd.

Table of Rates, Tolls and Charges

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 ³ m 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 ³ m ³		
7. Rate Schedule FT-P	Refer to Attachment "2" for applicable FT-P Demand Rate per month		
8. Rate Schedule LRS	<u>Contract Term</u>		<u>Effective LRS Rate (\$/10³m³/day)</u>
	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 ³ m 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	<u>Schedule No</u>	<u>PT Rate</u>	<u>PT Gas Rate</u>
	9006-01000-0	\$ 67.22/d	1.0 10 ³ m ³ /d
15. Rate Schedule OS	<u>Schedule No.</u>	<u>Charge</u>	
	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	<u>Tier</u>	<u>CO₂ Rate (\$/10³m³)</u>	
	1	630.10	
	2	503.07	
	3	349.65	

NATURAL GAS TARIFF



Canceling $\frac{14^{th}}{13^{th}}$ Revised Revised Sheet No. 80.1
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
10,001 to 30,000	\$ 147.60
>30,000	\$ 327.50

PLUS:

Transmission Reservation Rate (Monthly Rate per MDDQ):

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

Transmission Commodity Rate (Monthly Rate per Dkt):

Maximum	\$ 0.063595
Minimum	\$ 0.017935
GTAC Amortization	\$ 0.019020 (R)
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)

Rates as of August 1, 2008 pending PSC approval and signature.

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 OCTOBER 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	(1,955,702)	87,924	(50,084)
July	3,070,245	379,441	978,809
August	8,407,410	607,277	1,978,908
September	10,171,133	1,027,671	2,769,740
October	11,690,763	1,079,385	3,025,286
13 month average	\$3,376,153	\$314,421	\$697,730
Rate of Return	8.791%	8.791%	8.791%
Return	\$296,798	\$27,641	\$61,337
Return Requirement - Revenue	<u>\$491,469</u>	<u>\$45,771</u>	<u>\$101,568</u>

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.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
FIRM
TO BE EFFECTIVE OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

(Over)/under recovered gas costs @ July 31, 2008 \$11,725,941

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	263,180	\$0.000	0
September	449,670	0.000	0
	712,850		0

Additional recovery required \$11,725,941

Projected sales volumes (dk)

October 2008	927,520		
November	1,669,150		
December	2,306,430		
January 2009	2,538,500		
February	1,978,410		
March	1,676,170		
April	1,003,760		
May	525,590		
June	282,150		
July	246,600		
August	263,800		
September	450,700		
Total			<u>13,868,780</u>

Total (over)/under recovered gas cost adjustment
to be effective October 1, 2008 through September 30, 2009 \$0.845

**MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009**

(Over)/under recovered gas costs @ July 31, 2008 \$291,680

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	48,270	\$0.000	0
September	44,320	0.000	0
	92,590		0

Additional recovery required \$291,680

Projected sales volumes (dk)

October 2008		64,880	
November		88,470	
December		102,870	
January 2009		108,050	
February		95,210	
March		87,420	
April		57,330	
May		50,700	
June		43,510	
July		43,740	
August		48,270	
September		44,320	
Total			<u>834,770</u>

Total (over)/under recovered gas cost adjustment
to be effective October 1, 2008 through September 30, 2009 \$0.349

MONTANA-DAKOTA UTILITIES CO.
COMPUTATION OF (OVER) / UNDER RECOVERED GAS COST ADJUSTMENT
APPLICABLE TO NORTH DAKOTA
AIR FORCE INTERRUPTIBLE
TO BE EFFECTIVE OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

(Over)/under recovered gas costs @ July 31, 2008 \$121,188

Less: Projected recovery from rates already established

	Volume	Rate	Amount
August	22,440	\$0.000	0
September	30,160	0.000	0
	52,600		0

Additional recovery required \$121,188

Projected sales volumes (dk)

October 2008	50,980		
November	82,900		
December	110,180		
January 2009	120,170		
February	95,390		
March	84,070		
April	53,710		
May	33,380		
June	22,990		
July	21,100		
August	22,440		
September	30,160		
Total			<u>727,470</u>

Total (over)/under recovered gas cost adjustment
to be effective October 1, 2008 through September 30, 2009 \$0.167

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

	<u>(Over) Under Recovery</u>	<u>Refunds & Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
Balance @ July 31, 2007									<u>(\$3,168,783)</u>
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
June	2,461,047	0	5,980	2,467,027	451,995	(0.233)	(105,315)	2,572,342	8,318,856
July	3,327,777	0	7,558	3,335,335	307,940	(0.233)	(71,750)	3,407,085	11,725,941
Balance @ July 31, 2008									<u>\$11,725,941</u>

1/ Interest calculated at 90 day Treasury Note rate.

2/ Surcharge adjustment change implemented during this period. Reflects 122 dk @ \$0.111 and 482,290 dk @ (\$0.233).

3/ Reflects adjustment to 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
INTERRUPTIBLE

	<u>(Over) Under Recovery</u>	<u>Refunds & Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
Balance @ July 31, 2007									<u>(\$383,071)</u>
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
June	83,967	0	94	84,061	34,446	(0.416)	(14,329)	98,390	181,544
July	97,582	0	171	97,753	29,766	(0.416)	(12,383)	110,136	291,680
Balance @ July 31, 2008									<u>\$291,680</u>

1/ Interest calculated at 90 day Treasury Note rate.

2/ Reflects adjustment to 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**

	<u>(Over) Under Recovery</u>	<u>Refunds & Other</u>	<u>Interest 1/</u>	<u>Total Net Additions</u>	<u>Actual Dk Sales</u>	<u>Adjustment Per Dk</u>	<u>Total Adjustment Amount</u>	<u>Net Change- Additions less Adjustment</u>	<u>Cumulative Balance</u>
Balance @ July 31, 2007									<u>(\$114,724)</u>
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)
June	64,906	0	(73)	64,833	22,375	(0.135)	(3,021)	67,854	(9,850)
July	129,592	0	(3)	129,589	10,733	(0.135)	(1,449)	131,038	121,188
Balance @ July 31, 2008									<u>\$121,188</u>

1/ Interest calculated at 90 day Treasury Note rate.

2/ Reflects adjustment to gas commodity to correct allocation of storage gas.

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
FIRM**

	Residential and Firm General			Seasonal	Total
	1/	2/	Other		
<u>August 2007</u>					
Cost of Gas - Actual	(\$0.80882)	(\$2.83887)		(\$2.05879)	
Cost of Gas - Recovered	5.10500	5.10500		4.26300	
(Over) Under recovery per dk	(\$5.91382)	(\$7.94387)		(\$6.32179)	
dk billed	243,383	12,463		3,252	259,098
(Over) Under recovery	(\$1,439,323)	(\$99,002)		(\$20,559)	(\$1,558,884)
<u>September 2007</u>					
Cost of Gas - Actual	\$4.10874	(\$0.80882)		\$2.98281	
Cost of Gas - Recovered	5.10500	5.10500		4.26300	
(Over) Under recovery per dk	(\$0.99626)	(\$5.91382)		(\$1.28019)	
dk billed	152,563	124,786		2,259	279,608
(Over) Under recovery	(\$151,993)	(\$737,958)		(\$2,892)	(\$892,843)
<u>October 2007</u>					
Cost of Gas - Actual	\$3.43239	\$4.10874	3/ \$4.10874	\$2.99642	
Cost of Gas - Recovered	3.93500	3.93500	5.10500	4.01200	
(Over) Under recovery per dk	(\$0.50261)	\$0.17374	(\$0.99626)	(\$1.01558)	
dk billed	300,356	181,657	122	482,135	482,413
(Over) Under recovery	(\$150,962)	\$31,561	(\$121)	(\$119,522)	(\$119,804)
<u>November 2007</u>					
Cost of Gas - Actual	\$5.08312	\$3.43239	\$3.43239	\$5.05286	
Cost of Gas - Recovered	3.17600	3.17600	3.93500	3.25400	
(Over) Under recovery per dk	\$1.90712	\$0.25639	(\$0.50261)	\$1.79886	
dk billed	509,723	409,980	30,112	949,815	950,041
(Over) Under recovery	\$972,103	\$105,115	(\$15,135)	\$1,062,083	\$1,062,491
<u>December 2007</u>					
Cost of Gas - Actual	\$7.83822	\$5.08312	\$5.08312	\$7.88043	
Cost of Gas - Recovered	4.85400	4.85400	3.17600	4.93200	
(Over) Under recovery per dk	\$2.98422	\$0.22912	\$1.90712	\$2.94843	
dk billed	857,926	885,181	93,098	1,836,205	1,836,296
(Over) Under recovery	\$2,560,239	\$202,813	\$177,549	\$2,940,601	\$2,940,869
<u>January 2008</u>					
Cost of Gas - Actual	\$7.59343	\$7.83822	\$7.83822	\$7.63333	
Cost of Gas - Recovered	6.57200	6.57200	4.85400	6.65000	
(Over) Under recovery per dk	\$1.02143	\$1.26622	\$2.98422	\$0.98333	
dk billed	988,357	1,381,288	24,858	2,394,503	2,394,593
(Over) Under recovery	\$1,009,537	\$1,749,014	\$74,181	\$2,832,732	\$2,832,820

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
FIRM**

	Residential and Firm General				Seasonal	Total
	1/	2/	Other	Total		
<u>February 2008</u>						
Cost of Gas - Actual	\$8.03499	\$7.59343	\$7.59343		\$8.20619	
Cost of Gas - Recovered	7.61900	7.61900	6.57200		7.69700	
(Over) Under recovery per dk	\$0.41599	(\$0.02557)	\$1.02143		\$0.50919	
dk billed	1,108,561	1,353,042	64,468	2,526,071	97	2,526,168
(Over) Under recovery	\$461,151	(\$34,598)	\$65,850	\$492,403	\$49	\$492,452
<u>March 2008</u>						
Cost of Gas - Actual	\$8.94269	\$8.03499	\$8.03499		\$9.00000	
Cost of Gas - Recovered	8.26900	8.26900	7.61900		8.34800	
(Over) Under recovery per dk	\$0.67369	(\$0.23401)	\$0.41599		\$0.65200	
dk billed	846,435	990,286	100,121	1,936,842	78	1,936,920
(Over) Under recovery	\$570,234	(\$231,737)	\$41,649	\$380,146	\$51	\$380,197
<u>April 2008</u>						
Cost of Gas - Actual	\$9.34916	\$8.94269	\$9.34916		\$9.44444	
Cost of Gas - Recovered	9.09900	8.26900	8.26900		8.34800	
(Over) Under recovery per dk	\$0.25016	\$0.67369	\$1.08016		\$1.09644	
dk billed	458,506	788,303	87,223	1,334,032	45	1,334,077
(Over) Under recovery	\$114,700	\$531,072	\$94,215	\$739,987	\$49	\$740,036
<u>May 2008</u>						
Cost of Gas - Actual	\$12.06091	\$9.34916	\$12.06091		\$11.30435	
Cost of Gas - Recovered	9.52300	9.09900	9.09900		9.17600	
(Over) Under recovery per dk	\$2.53791	\$0.25016	\$2.96191		\$2.12835	
dk billed	281,117	430,027	108,381	819,525	68	819,593
(Over) Under recovery	\$713,449	\$107,576	\$321,015	\$1,142,040	\$145	\$1,142,185
<u>June 2008</u>						
Cost of Gas - Actual	\$17.45590	\$12.06091	\$17.45590		\$10.89205	
Cost of Gas - Recovered	10.75600	9.52300	9.52300		9.60200	
(Over) Under recovery per dk	\$6.69990	\$2.53791	\$7.93290		\$1.29005	
dk billed	148,410	171,539	129,616	449,565	2,430	451,995
(Over) Under recovery	\$994,333	\$435,351	\$1,028,227	\$2,457,911	\$3,136	\$2,461,047
<u>July 2008</u>						
Cost of Gas - Actual	\$22.68727	\$17.45590			\$10.75362	
Cost of Gas - Recovered	10.75600	10.75600			9.92600	
(Over) Under recovery per dk	\$11.93127	\$6.69990			\$0.82762	
dk billed	246,231	57,703		303,934	4,006	307,940
(Over) Under recovery	\$2,937,855	\$386,607		\$3,324,462	\$3,315	\$3,327,777

- 1/ Consumed in current month.
- 2/ Consumed in prior month.
- 3/ Billed and consumed in prior month.
- 4/ True-up of prior month volumes.

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE**

	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>Total</u>
<u>August 2007</u>				
Cost of Gas - Actual	(\$2.17110)	(\$4.06227)		
Cost of Gas - Recovered	4.14500	4.14500		
(Over) Under recovery per dk	<u>(\$6.31610)</u>	<u>(\$8.20727)</u>	<u>\$0.00000</u>	
dk billed	(35)	27,568		27,533
(Over) Under recovery	<u>\$221</u>	<u>(\$226,261)</u>	<u>\$0</u>	<u>(\$226,040)</u>
<u>September 2007</u>				
Cost of Gas - Actual	\$2.85357	(\$2.17110)		
Cost of Gas - Recovered	4.14500	4.14500		
(Over) Under recovery per dk	<u>(\$1.29143)</u>	<u>(\$6.31610)</u>	<u>\$0.00000</u>	
dk billed	(61)	42,661		42,600
(Over) Under recovery	<u>\$79</u>	<u>(\$269,448)</u>	<u>\$0</u>	<u>(\$269,369)</u>
<u>October 2007</u>				
Cost of Gas - Actual	\$2.04728	\$2.85357		
Cost of Gas - Recovered	3.02200	3.02200		
(Over) Under recovery per dk	<u>(\$0.97472)</u>	<u>(\$0.16843)</u>	<u>\$0.00000</u>	
dk billed	(244)	31,818		31,574
(Over) Under recovery	<u>\$238</u>	<u>(\$5,360)</u>	<u>\$0</u>	<u>(\$5,122)</u>
<u>November 2007</u>				
Cost of Gas - Actual	\$4.06995	\$2.04728		
Cost of Gas - Recovered	2.25700	2.25700		
(Over) Under recovery per dk	<u>\$1.81295</u>	<u>(\$0.20972)</u>	<u>\$0.00000</u>	
dk billed	838	54,664		55,502
(Over) Under recovery	<u>\$1,519</u>	<u>(\$11,464)</u>	<u>\$0</u>	<u>(\$9,945)</u>
<u>December 2007</u>				
Cost of Gas - Actual	\$6.94416	\$4.06995		
Cost of Gas - Recovered	3.93500	3.93500		
(Over) Under recovery per dk	<u>\$3.00916</u>	<u>\$0.13495</u>	<u>\$0.00000</u>	
dk billed	(4,547)	75,469		70,922
(Over) Under recovery	<u>(\$13,682)</u>	<u>\$10,185</u>	<u>\$0</u>	<u>(\$3,497)</u>
<u>January 2008</u>				
Cost of Gas - Actual	\$6.66231	\$6.94416		
Cost of Gas - Recovered	5.64100	5.64100		
(Over) Under recovery per dk	<u>\$1.02131</u>	<u>\$1.30316</u>	<u>\$0.00000</u>	
dk billed	(1,954)	96,610		94,656
(Over) Under recovery	<u>(\$1,995)</u>	<u>\$125,898</u>	<u>\$0</u>	<u>\$123,903</u>

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
INTERRUPTIBLE**

	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>Total</u>
<u>February 2008</u>				
Cost of Gas - Actual	\$7.25268	\$6.66231		
Cost of Gas - Recovered	6.69800	6.69800		
(Over) Under recovery per dk	<u>\$0.55468</u>	<u>(\$0.03569)</u>	<u>\$0.00000</u>	
dk billed	11,532	98,535		110,067
(Over) Under recovery	<u>\$6,397</u>	<u>(\$3,518)</u>	<u>\$0</u>	\$2,879
<u>March 2008</u>				
Cost of Gas - Actual	\$8.04484	\$7.25268		
Cost of Gas - Recovered	7.33900	7.33900		
(Over) Under recovery per dk	<u>\$0.70584</u>	<u>(\$0.08632)</u>	<u>\$0.00000</u>	
dk billed	(5,735)	92,082		86,347
(Over) Under recovery	<u>(\$4,048)</u>	<u>(\$7,949)</u>	<u>\$0</u>	(\$11,997)
<u>April 2008</u>				
Cost of Gas - Actual	\$8.47301	\$8.04484	\$8.47301	
Cost of Gas - Recovered	8.18200	7.33900	7.33900	
(Over) Under recovery per dk	<u>\$0.29101</u>	<u>\$0.70584</u>	<u>\$1.13401</u>	
dk billed	200	63,557	86	63,843
(Over) Under recovery	<u>\$58</u>	<u>\$44,861</u>	<u>\$98</u>	\$45,017
<u>May 2008</u>				
Cost of Gas - Actual	\$10.98960	\$8.47301	\$10.98960	
Cost of Gas - Recovered	8.62800	8.18200	8.18200	
(Over) Under recovery per dk	<u>\$2.36160</u>	<u>\$0.29101</u>	<u>\$2.80760</u>	
dk billed	1	51,214	(2,410)	48,805
(Over) Under recovery	<u>\$2</u>	<u>\$14,904</u>	<u>(\$6,766)</u>	\$8,140
<u>June 2008</u>				
Cost of Gas - Actual	\$13.11721	\$10.98960	\$13.11721	
Cost of Gas - Recovered	9.84300	8.62800	8.62800	
(Over) Under recovery per dk	<u>\$3.27421</u>	<u>\$2.36160</u>	<u>\$4.48921</u>	
dk billed	1	33,214	1,231	34,446
(Over) Under recovery	<u>\$2</u>	<u>\$78,437</u>	<u>\$5,528</u>	\$83,967
<u>July 2008</u>				
Cost of Gas - Actual	\$14.26227	\$13.11721		
Cost of Gas - Recovered	9.84300	9.84300		
(Over) Under recovery per dk	<u>\$4.41927</u>	<u>\$3.27421</u>	<u>\$0.00000</u>	
dk billed	106	29,660		29,766
(Over) Under recovery	<u>\$467</u>	<u>\$97,115</u>	<u>\$0</u>	\$97,582

1/ Consumed in current month.
2/ Consumed in prior month.
3/ True-up of prior month volumes.

MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
AIR FORCE

	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>Total</u>
<u>August 2007</u>				
Cost of Gas - Actual	(\$2.15989)	(\$4.04255)		
Cost of Gas - Recovered	4.12600	4.12600		
(Over) Under recovery per dk	(\$6.28589)	(\$8.16855)	\$0.00000	
dk billed	(9)	14,874		14,865
(Over) Under recovery	<u>\$58</u>	<u>(\$121,498)</u>	<u>\$0</u>	(\$121,440)
<u>September 2007</u>				
Cost of Gas - Actual	\$2.84293	(\$2.15989)		
Cost of Gas - Recovered	4.12600	4.12600		
(Over) Under recovery per dk	(\$1.28307)	(\$6.28589)	\$0.00000	
dk billed	5	15,720		15,725
(Over) Under recovery	<u>(\$7)</u>	<u>(\$98,815)</u>	<u>\$0</u>	(\$98,822)
<u>October 2007</u>				
Cost of Gas - Actual	\$1.66726	\$2.84293		
Cost of Gas - Recovered	3.00800	3.00800		
(Over) Under recovery per dk	(\$1.34074)	(\$0.16507)	\$0.00000	
dk billed	(123)	9,392		9,269
(Over) Under recovery	<u>\$165</u>	<u>(\$1,551)</u>	<u>\$0</u>	(\$1,386)
<u>November 2007</u>				
Cost of Gas - Actual	\$4.05288	\$1.66726		
Cost of Gas - Recovered	2.24700	2.24700		
(Over) Under recovery per dk	\$1.80588	(\$0.57974)	\$0.00000	
dk billed	(414)	43,748		43,334
(Over) Under recovery	<u>(\$748)</u>	<u>(\$25,363)</u>	<u>\$0</u>	(\$26,111)
<u>December 2007</u>				
Cost of Gas - Actual	\$6.91301	\$4.05288		
Cost of Gas - Recovered	3.91700	3.91700		
(Over) Under recovery per dk	\$2.99601	\$0.13588	\$0.00000	
dk billed	(1,697)	75,091		73,394
(Over) Under recovery	<u>(\$5,085)</u>	<u>\$10,204</u>	<u>\$0</u>	\$5,119
<u>January 2008</u>				
Cost of Gas - Actual	\$6.63092	\$6.91301		
Cost of Gas - Recovered	5.61600	5.61600		
(Over) Under recovery per dk	\$1.01492	\$1.29701	\$0.00000	
dk billed	40,167	63,004		103,171
(Over) Under recovery	<u>\$40,766</u>	<u>\$81,716</u>	<u>\$0</u>	\$122,482

**MONTANA-DAKOTA UTILITIES CO.
CALCULATION OF (OVER) UNDER RECOVERY OF GAS COSTS
APPLICABLE TO NORTH DAKOTA
AIR FORCE**

	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>Total</u>
<u>February 2008</u>				
Cost of Gas - Actual	\$7.21829	\$6.63092		
Cost of Gas - Recovered	6.66800	6.66800		
(Over) Under recovery per dk	<u>\$0.55029</u>	<u>(\$0.03708)</u>	<u>\$0.00000</u>	
dk billed	(2,885)	106,675		103,790
(Over) Under recovery	<u><u>(\$1,588)</u></u>	<u><u>(\$3,955)</u></u>	<u><u>\$0</u></u>	<u><u>(\$5,543)</u></u>
<u>March 2008</u>				
Cost of Gas - Actual	\$8.00695	\$7.21829		
Cost of Gas - Recovered	7.30600	7.30600		
(Over) Under recovery per dk	<u>\$0.70095</u>	<u>(\$0.08771)</u>	<u>\$0.00000</u>	
dk billed	(458)	105,464		105,006
(Over) Under recovery	<u><u>(\$321)</u></u>	<u><u>(\$9,250)</u></u>	<u><u>\$0</u></u>	<u><u>(\$9,571)</u></u>
<u>April 2008</u>				
Cost of Gas - Actual		\$8.00695	\$8.43410	
Cost of Gas - Recovered		7.30600	7.30600	
(Over) Under recovery per dk	<u>\$0.00000</u>	<u>\$0.70095</u>	<u>\$1.12810</u>	
dk billed		85,295	(1,327)	83,968
(Over) Under recovery	<u><u>\$0</u></u>	<u><u>\$59,788</u></u>	<u><u>(\$1,496)</u></u>	<u><u>\$58,292</u></u>
<u>May 2008</u>				
Cost of Gas - Actual		\$8.43410	\$11.72579	
Cost of Gas - Recovered		8.14500	8.14500	
(Over) Under recovery per dk	<u>\$0.00000</u>	<u>\$0.28910</u>	<u>\$3.58079</u>	
dk billed		53,967	(371)	53,596
(Over) Under recovery	<u><u>\$0</u></u>	<u><u>\$15,602</u></u>	<u><u>(\$1,327)</u></u>	<u><u>\$14,275</u></u>
<u>June 2008</u>				
Cost of Gas - Actual		\$11.72579	\$21.93324	
Cost of Gas - Recovered		8.58900	8.58900	
(Over) Under recovery per dk	<u>\$0.00000</u>	<u>\$3.13679</u>	<u>\$13.34424</u>	
dk billed		22,893	(518)	22,375
(Over) Under recovery	<u><u>\$0</u></u>	<u><u>\$71,812</u></u>	<u><u>(\$6,906)</u></u>	<u><u>\$64,906</u></u>
<u>July 2008</u>				
Cost of Gas - Actual		\$21.93324	\$36.42118	
Cost of Gas - Recovered		9.79900	9.79900	
(Over) Under recovery per dk	<u>\$0.00000</u>	<u>\$12.13424</u>	<u>\$26.62218</u>	
dk billed		10,778	(45)	10,733
(Over) Under recovery	<u><u>\$0</u></u>	<u><u>\$130,785</u></u>	<u><u>(\$1,193)</u></u>	<u><u>\$129,592</u></u>

1/ Consumed in current month.

2/ Consumed in prior month.

3/ True-up of prior month volumes.

**MONTANA-DAKOTA UTILITIES CO.
NORTH DAKOTA GAS
INTERRUPTIBLE MARKET SHARING PROVISION
EFFECTIVE OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009**

Balance of Accumulated Revenues 1/	\$112,565
Projected Residential & General Service Sales Volumes	<u>13,922,010</u>
Interruptible Margin Sharing Provision	<u><u>\$0.008</u></u>

1/ Represents 50% of margin above the approved margin from all interruptible sales.