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

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

November 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 (69th Revised Sheet No. 3) showing the proposed natural gas rates, to be effective with service rendered December 1, 2008.

Montana-Dakota purchases gas supplies under a number of contracts. The commodity cost of gas has decreased $0.290 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.

The COG tariff sheet, Exhibit A, summarizes the gas cost adjustment, calculated pursuant to the terms of Rate 88, and the surcharge adjustment and market based pricing differential provision that will apply during the month of December 2008.

The net effect of this filing, calculated pursuant to the terms of Rate 88, is a decrease of $0.290 per dk for residential and firm general service customers, a decrease of $0.293 per dk for small and large interruptible customers and a decrease of $0.292 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 December 2008. The average cost of gas for firm customers, adjusted for losses, is $5.528.

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.

The proposed adjustment will amount to a decrease of approximately $733,500 during the month of December 2008. All of Montana-Dakota's retail gas customers in North Dakota may be affected by this proposal. There were 90,457 customers in North Dakota as of October 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

Donald R. Ball
Vice President – Regulatory Affairs

Attachments

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

Donald R. Ball, being first duly sworn, deposes and says; that he is the Vice President – Regulatory Affairs of Montana-Dakota Utilities Co., the Applicant herein; that he has read the foregoing Application, knows the contents thereof, and that the same is true and correct to the best of his knowledge, information and belief.

Dated this 10th day of November 2008.

Donald R. Ball

Donald R. Ball

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

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

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

NDPSC Volume 7
69th Revised Sheet No. 3
Canceling 68th Revised Sheet No. 3

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	$6.365	$7.177
Air Force Rate 64	7				
Minot Air Force Base		$1,000.00 per month			
PAR Site		$135.00 per month			
Firm Service			$0.138	$6.365	$6.503
Interruptible Service - PAR			$0.120	$4.987	$5.107
Interruptible Service - MAFB			$0.120	$4.784	$4.904
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	$6.365	$6.962
			(Maximum)		(Maximum)
Small Interruptible Gas Rate 71	14	$100.00 per month	$0.871	$4.987	$5.858
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	$6.446	$7.043
Summer Gas Usage			$0.597	$5.530	$6.127
Transportation Service	24				
Small Interruptible Rate 81		$150.00 per month			
Maximum			$0.427		
Minimum			$0.102		
Fuel Charge				$0.021	
Large Interruptible Rate 82		$725.00 per month			
Maximum			$0.298		
Minimum			$0.061		
Fuel Charge				$0.021	
			(Maximum)		(Maximum)
Large Interruptible Gas Rate 85	27	$675.00 per month	$0.719	$4.987	$5.706
Residential Propane Rate 90	32	$0.30 per day	$0.812	$14.669	$15.481
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	$14.669	$15.266

Date Filed: November 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

December 2008

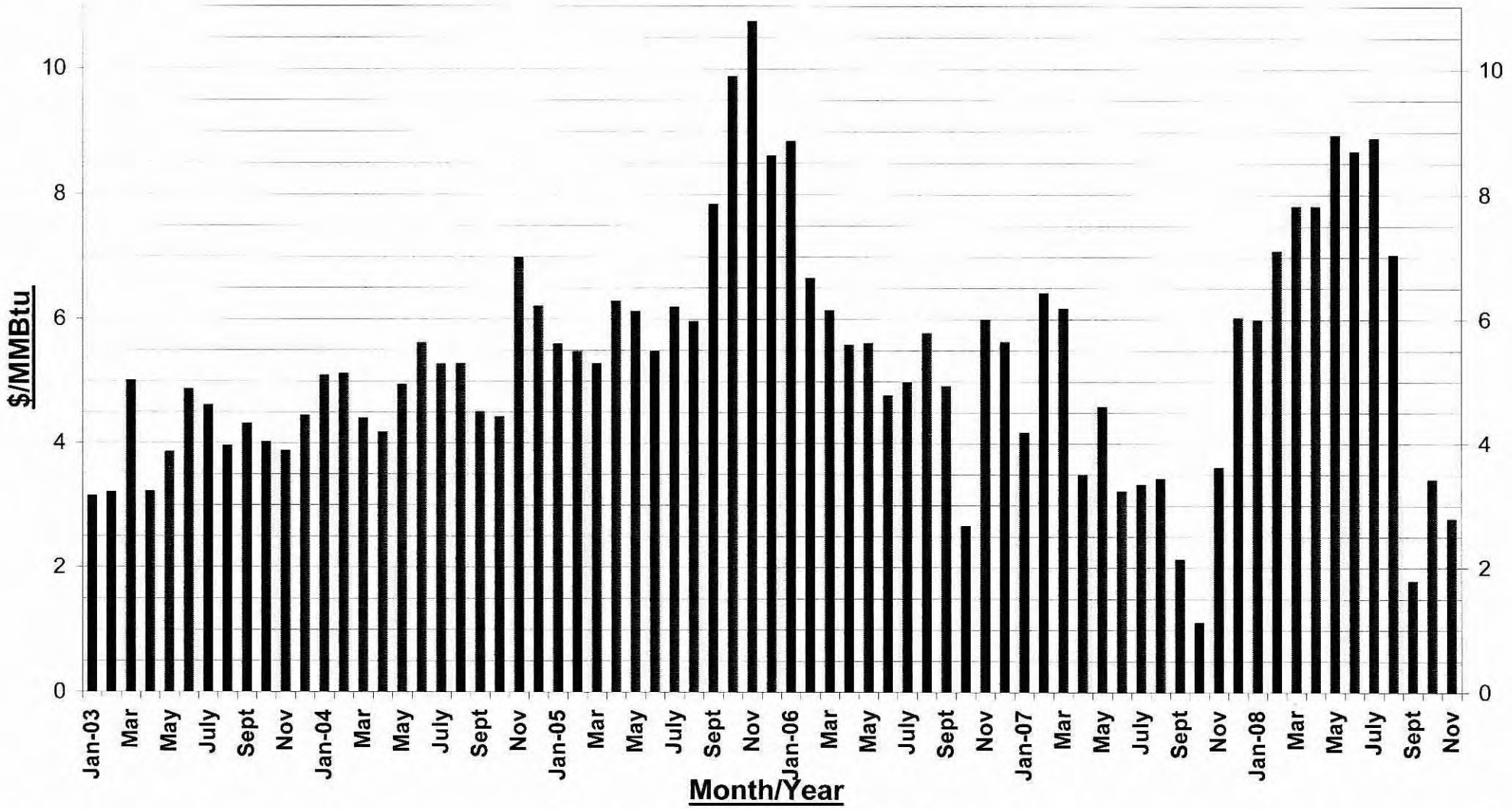
The established November monthly price for the Rocky Mountain CIG Index decreased from the previous month. The CIG Rocky Mountain Index is based on a price discovery survey by several natural gas periodicals, including "Inside FERC Gas Market" report and "Gas Daily" by McGraw-Hill Companies, of prices 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 continued decline in crude oil prices, strong year over year increase in domestic U.S. natural gas production and higher than normal seasonal storage injections contributed to lower prices. The Department of Energy (DOE) Energy Information Administration (EIA) reported storage levels nationwide as of October 31, 2008 were 2.3 percent above the five year average and 3.7 percent below last year's balance.

The EIA provides various publications on energy issues. The information is available on their website: http://www.eia.doe.gov.

The October Short-Term Energy Outlook specific to natural gas prices, supply and demand is provided as pages 3 through 10. The November Outlook is to be published November 12.

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-$6.38

www.eia.doe.gov
Energy Information Administration

October 2008

Short-Term Energy and Winter Fuels Outlook

October 7, 2008 Release

Highlights

- Average household expenditures for all space-heating fuels are projected to be $1,137 this winter (October 1 to March 31), a 15-percent increase over the estimated $986 spent last winter. The largest increases will be in households using heating oil and natural gas. The projected increases primarily reflect higher prices, although colder weather than last winter will also contribute to higher fuel use in many areas.

- Strong global demand and low surplus production capacity contributed to the run-up to record crude oil prices in July. The current slowdown in economic growth is contributing to the recent decline in oil demand and the sharp decline in prices since July. Nonetheless, oil markets are expected to remain relatively tight because of sluggish production growth. Absent a major worldwide economic downturn that significantly impacts global demand, West Texas Intermediate (WTI) crude oil prices are projected to average about $112 per barrel in both 2008 and 2009.

- According to the National Oceanic Atmospheric Administration's (NOAA) most recent projection of heating degree-days, the Lower-48 States are forecast to be 2.4 percent colder this winter compared with last winter, but 1.7 percent warmer than the 30-year average (1971 to 2000). However, regional heating degree-day projections vary widely; for example, the West North Central region is projected to be almost 5 percent warmer than last winter.

- During September, Hurricanes Gustav and Ike shut in a total of 32 million barrels of crude oil and 165 billion cubic feet (Bcf) of natural gas production in the Federal Gulf of Mexico. Recovery is ongoing and expected to continue at least through October.

Projected Winter Fuel Expenditures by Fuel and Region

The average household winter heating fuel expenditures discussed in this *Outlook* provide a broad guide to changes from last winter, but fuel expenditures for individual households are highly dependent on local weather conditions, market size, the size and energy efficiency of individual homes and their heating equipment, and thermostat settings.

Natural Gas. Households heating primarily with natural gas are expected to spend an average of $155 (18 percent) more this winter. Nationwide, about 52 percent of all households depend on natural gas as their primary heating fuel. The increase in natural gas expenditures reflects the combined effects of a 17-percent increase in price and 1-percent increase in consumption. In the Midwest, where 72 percent of all households rely on natural gas, a projected 17-percent increase in average household expenditures results from a 19-percent increase in prices and a decline in consumption of 2 percent due to the forecast of slightly warmer weather than last winter.

Heating Oil. Households heating primarily with heating oil can expect to pay an average of $449 (23 percent) more this winter. Only 7 percent of U.S. households depend on heating oil for winter fuel and most of these households are in the Northeast, where 31 percent of households use heating oil as their primary space heating fuel. In that region, the average household is projected to pay 24 percent more than last winter as a result of an 18-percent increase in prices and a 5-percent increase in consumption. Residential heating oil prices in the Northeast are projected to average about $3.90 per gallon during the winter season compared with $3.31 per gallon last winter. The projected increase is consistent with higher crude oil prices and projections of lower distillate inventories than last year going into the heating season.

Propane. Households heating primarily with propane can expect to pay an average of $188 (11 percent) more this winter. Propane-heated households, which represent about 6 percent of total U.S. households, are projected to see an average increase of 11 percent in propane expenditures this winter, but that increase varies widely by region. Western households are expected to see an average increase in expenditures of 5 percent, while Southern homes are expected to spend 16 percent more this winter.

Electricity. Households heating primarily with electricity can expect to pay an average of $89 (10 percent) more. Thirty-five percent of all U.S. households rely on electricity as their primary heating fuel, ranging from 12 percent in the Northeast to 59 percent in the South. On average, electricity expenditures during the winter are projected to rise by 10 percent because of increased consumption and prices.

Households in the South are projected to pay 13 percent more this winter on electricity bills.

Global Petroleum

Overview. Higher oil production in Saudi Arabia during summer 2008 combined with the demand response to extremely high prices and recent credit market problems that point to a lower trajectory for the world economy and oil consumption growth are currently reinforcing the sentiment of a loosening in the global oil balance. As a result, the recent supply disruptions in the Gulf of Mexico have not resulted in the kind of price increases that would have been expected had they occurred earlier in the year.

However, unless the global economy is weaker than anticipated, EIA expects that the call on Organization of the Petroleum Exporting Countries' (OPEC) crude oil will exceed OPEC crude oil production over the next 6 months. This market balance and the relatively low level of Organization for Economic Cooperation and Development (OECD) commercial oil inventories suggest some upward pressure on prices. However, if non-OPEC oil production increases as expected during 2009, oil price pressures would then moderate.

Consumption. Global oil consumption is projected to rise by about 300,000 barrels per day (bbl/d) in 2008 and by almost 800,000 bbl/d in 2009 compared with year-earlier levels. Growth for 2008 is nearly 350,000 bbl/d lower than last month's projection, reflecting the deteriorating global economic outlook. Solid growth in non-OECD countries, especially China, Latin America, and oil-exporting countries in the Middle East, is partly offset by sharp declines in U.S. oil consumption as well as lower oil consumption in many other OECD countries (World Oil Consumption). In 2008, non-OECD consumption is expected to rise by 1.4 million bbl/d, while OECD consumption is expected to fall by 1.1 million bbl/d. China's oil consumption remained high in August 2008 as imports for crude and oil products climbed 12 percent and 32 percent, respectively, from year-earlier levels according to Chinese government data. These trends are similar for 2009, although the decline in OECD consumption in 2009 is expected to be about half of the amount seen in 2008. The level of Chinese demand growth following the Olympics will have an important impact on non-OECD consumption growth and will depend on the domestic economy as well as the level of exports to other countries.

Non-OPEC Supply. Non-OPEC supply had been expected to increase in the second half of the year after declining by almost 300,000 bbl/d during the first half of 2008 compared with year-earlier levels. However, a series of supply disruptions,

especially the closure of the Baku-Tbilisi-Ceyhan oil pipeline and the impacts of Hurricanes Gustav and Ike upon the U.S. Gulf of Mexico, led to a revision in this *Outlook*. As a result, non-OPEC supply is expected to decline by about 115,000 bbl/d during the second half of 2008, compared with the year-earlier level, and consequently non-OPEC supply growth in 2008 is now expected to be negative for the first time since 2005. The 2009 growth in non-OPEC supply of 730,000 bbl/d is expected to largely meet the anticipated increase in global consumption, barring delays in new projects and unanticipated disruptions. The United States, Azerbaijan, and Brazil represent the bulk of non-OPEC supply growth in 2009, although some of the growth in two of these countries simply represents a return to normal production conditions (Non-OPEC Oil Production Growth).

OPEC Supply. OPEC crude oil production is expected to average 32.7 million bbl/d during the third quarter of 2008, up 1.7 million bbl/d from year-earlier levels. The forecast assumes production in Saudi Arabia of 9.6 million bbl/d in the third quarter, representing a 900,000-bbl/d rise from year-earlier levels. OPEC's call for greater compliance with quotas at its September meeting, suggests about a 500,000-bbl/d cut in output, but this outcome is uncertain. Given that the bulk of OPEC above-target output has been coming from Saudi Arabia, the group's decision to scale back production will depend on Saudi Arabia's willingness to cut. Taking into account uncertainties about Saudi actions, this *Outlook* assumes that OPEC crude oil production declines to 32.4 million bbl/d in the fourth quarter of 2008 and falls through 2009 to an average of 31.6 million bbl/d for that year. Lower crude oil production, combined with planned increases in OPEC total liquids production capacity, suggests OPEC surplus crude production capacity could increase from 1.5 million bbl/d in the second quarter of 2008 to over 3 million bbl/d by the end of next year (OPEC Surplus Oil Production Capacity).

Inventories. Revised data indicate that OECD commercial inventories held steady during the second quarter of 2008, well below the average build of 900,000 bbl/d during this time of year. At the end of the second quarter, estimated OECD commercial inventories stood at 2.56 billion barrels, 35 million barrels below the 5-year average (Days of Supply of OECD Commercial Stocks). OECD commercial inventories are projected to rise by about 280,000 bbl/d in the third quarter compared with the average seasonal build of about 400,000 bbl/d. EIA expects OECD commercial inventories to remain below 5-year average levels throughout the forecast period.

U.S. Petroleum

Consumption. Consumption of all petroleum products has fallen in 2008, driven down by the increase in prices and the weakening economy. Motor gasoline and distillate fuel lead the way with projected average declines of about 200,000 bbl/d for each fuel compared with last year. The declines in consumption are expected to continue in 2009 but at a much lower rate. Total domestic petroleum consumption is projected to average 19.8 million bbl/d in 2008, down 830,000 bbl/d from the 2007 average (U.S. Petroleum Products Consumption Growth), followed by a further 100,000-bbl/d decline in 2009.

Production. In 2008, domestic crude oil production is projected to average just below 5.0 million bbl/d, down from 2007 levels due to the loss of production in the Gulf of Mexico caused by Hurricanes Ike and Gustav (U.S. Crude Oil Production). Domestic crude production has been steadily declining since the 1970s and the 2008 projection for crude oil production falls under 5 million bbl/d for the first time since 1946. However, domestic production is projected to increase in 2009 by 330,000 bbl/d to an average of 5.3 million bbl/d. Contributing to the increases in output are the Thunderhorse platform, which is expected to come on stream later this year, and the Tahiti platform, expected to come on stream late in 2009.

Prices. Oil markets are expected to remain tight over the next 6 months because of sluggish production growth, which will help push WTI crude oil prices to $120 per barrel by April 2009, before declining to $106 per barrel by year's end. WTI prices are projected to average $112 per barrel in both 2008 and 2009 (Crude Oil Prices). Further deterioration in actual or expected global economic growth as a fallout of the current financial crisis may lead to weaker oil prices.

Gasoline

Inventories. Motor gasoline inventories during the summer were tight and became even tighter as a result of Hurricanes Gustav and Ike. On September 30, total gasoline inventories were estimated at 180 million barrels, 23 million barrels below the 5-year average and the lowest since August 1967 (Motor Gasoline Inventories). Continued weakness in motor gasoline markets and growth in domestic fuel ethanol production is expected to allow inventories to recover. By the beginning of the second quarter next year, total gasoline inventories are expected to reach 205 million barrels, about 4 million barrels below the previous 5-year average.

Prices. Regular grade gasoline prices are projected to average $3.56 per gallon in both 2008 and 2009, following movements in projected crude oil prices. Because of the

continued weakness in motor gasoline consumption, the difference between the price of gasoline and the cost of crude is expected to remain low throughout the forecast interval.

Distillate

Inventories. Refinery shut-ins caused by Hurricanes Gustav and Ike also pulled distillate (diesel fuel and heating oil) inventories down to relatively low levels (Distillate Fuel Inventories). As of September 30, the start of the winter heating season, distillate fuel inventories were an estimated 122 million barrels, down 12 million barrels from the previous year and 11 million barrels below the average of the last 5 years. Total distillate inventories at the end of March 2009 are projected to be 104 million barrels, about 6 million barrels below the previous 5-year average but still within the low end of the normal range.

Prices. The increases in heating oil and diesel fuel prices this year have outpaced the rise in crude oil prices because of the continuing stronger growth in global distillate demand relative to other petroleum products. Residential heating oil retail prices this winter are projected to average $3.89 per gallon, an increase of 58 cents per gallon over last winter, compared with a projected 38-cents-per-gallon increase in the price of WTI crude oil. Although oil prices are expected to be up slightly on average next year, the on-highway diesel fuel retail prices are projected to average $3.91 per gallon in 2009, down from a projected $4.01 per gallon in 2008, reflecting a weakening of the very high wholesale distillate-crude oil price margins seen this past summer.

Propane

Inventories. As of September 30, U.S. propane inventories were an estimated 59 million barrels, slightly above last year's level but 7 million barrels below the average over the last 5 years. These inventories are projected to end the winter season at about 28 million barrels, near the average of the last 5 years. This projection assumes that, because of high prices and a slow economy, the combination of propane production increases and reduced petrochemical consumption will offset the reduced availability of waterborne supplies, which have been diverted to fast-growth areas such as Asia and the Middle East.

Prices. Spot propane prices are strongly influenced by both crude oil and natural gas prices. Retail propane prices are projected to average $2.60 per gallon in 2008 and $2.65 per gallon in 2009. However, with current low inventories, propane markets are likely to remain relatively tight this winter, with the potential for additional upward

pressure on residential propane prices if the United States experiences colder-than-expected weather.

Natural Gas

Consumption. Total natural gas consumption is expected to increase by 2.4 percent in 2008 and by 1.9 percent in 2009 (Total U.S. Natural Gas Consumption Growth). Despite slower expected growth in 2009, consumption is expected to increase in all sectors during the forecast period. This winter, total residential consumption of natural gas in the United States is expected to increase by 3.5 percent year-over-year based on the projected 2.4-percent increase in heating degree-days. In addition to weather, worsening economic conditions add significant uncertainty to the forecast, particularly for the industrial sector. In annual terms, consumption in the industrial sector is expected to increase by 1.0 percent in 2008 and 1.1 percent in 2009.

Production and Imports. Total U.S. marketed natural gas production is expected to increase by 6.7 percent in 2008 and by 4.2 percent in 2009. Domestic production continues to be led by the development of fields in the Lower-48 non-Gulf of Mexico region, which is expected to increase production by 9.7 percent in 2008. Recent hurricane damage resulted in estimated production shut-ins of about 165 Bcf in the Federal Gulf of Mexico in September, with at least an additional 16 Bcf in the onshore and State waters areas of Louisiana. While the length of the hurricane recovery process is unknown, marketed natural gas production from the Federal Gulf of Mexico is projected to decline by 9.1 percent in 2008. In 2009, Federal Gulf of Mexico and Lower-48 non-Gulf of Mexico growth are expected to be 8.1 and 3.8 percent, respectively.

U.S. imports of liquefied natural gas (LNG) remain below year-ago levels with third-quarter imported cargoes less than half of what they were last year. Demand growth in Europe and Asia combined with limited global supply increases to date continue to weigh on the market. LNG imports to the United States are no longer expected to increase during the remainder of 2008, and import growth in 2009 remains vulnerable to additional delays in new capacity and unexpected maintenance on existing capacity. For the year, LNG imports are expected to total about 350 Bcf and about 450 Bcf in 2009 as more global LNG capacity is expected to be brought online.

Inventories. On September 26, 2008, working natural gas in storage was 3,110 Bcf (U.S. Working Natural Gas in Storage). Current inventories are now 50 Bcf above the 5-year average (2003–2007) and 137 Bcf below the level during the corresponding week last year.

Prices. The Henry Hub spot price averaged $7.88 per thousand cubic feet (Mcf) in September, $0.62 per Mcf below the average spot price in August. Despite hurricane damage to supply infrastructure in the Federal Gulf of Mexico, the recent decline in prices was the result of demand loss associated with these same hurricanes, moderate temperatures, lower oil prices, and uncertainties about future economic growth. This winter, however, natural gas expenditures for U.S. households are expected to increase by about 18 percent compared with last winter. The increase in end-use prices is the result of the particularly high spot prices that were recorded earlier this year as a portion of the inventories for the upcoming heating season were being built. Beyond the winter, continued growth in on-shore production is expected to bring prices down. On an annual basis, the Henry Hub spot price is expected to average about $9.67 per Mcf in 2008 and $8.17 per Mcf in 2009, compared with $7.17 per Mcf in 2007.

Electricity

Consumption. After a relatively warm June and July, cooling degree-days during August in most regions of the United States were lower than normal (U.S. Summer Cooling Degree-Days). Summer residential electricity consumption this year was approximately the same as it was in the summer of 2007. For the entire year, total electricity consumption is expected to grow by about 1 percent (U.S. Total Electricity Consumption). Growth in consumption during 2009 is expected to remain relatively low, primarily as a result of the projected slow growth in economic activity.

Prices. The delivered cost of fuel continues to affect power generators. During 2008, the cost of natural gas and coal for electric utilities is projected to be 36 percent higher and 12 percent higher, respectively, than last year. As electricity providers continue to pass along these increased costs, U.S. residential electricity prices are expected to grow by 6.2 percent this year and 9.4 percent in 2009 (U.S. Residential Electricity Prices). Price increases are expected to be especially pronounced in the Middle and South Atlantic regions.

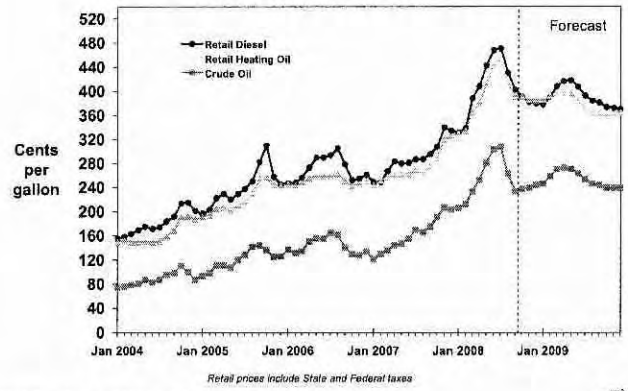
Coal

Consumption. Electric-power-sector coal consumption is projected to grow by about 1.2 percent in 2008. Slow growth in electricity consumption, combined with projected increases in electricity generation from other sources (nuclear, natural gas, and wind), will lead to a slight decline (0.9 percent) in electric-power-sector coal consumption in 2009 (U.S. Coal Consumption Growth).

Production and Inventories. Growth in domestic coal consumption and particularly in exports is expected to contribute to a 3-percent increase in coal production in 2008 (U.S. Annual Coal Production). In 2009 coal production will remain relatively unchanged as increases in coal exports are offset by decreases in domestic consumption and producer-held stocks. Secondary (consumer-held) coal stocks, which grew to almost 160 million short tons in 2007, are expected to remain stable in 2008 and grow by an average of 2.3 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. Continued robust worldwide demand for coal is projected to lead to an overall 43-percent increase in U.S. coal exports in 2008. Coal exports are projected to grow 2.4 percent to 86.5 million short tons in 2009.

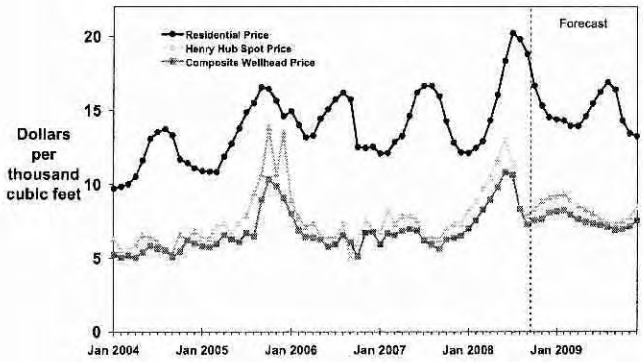
U.S. Distillate Fuel Prices



Retail prices include State and Federal taxes

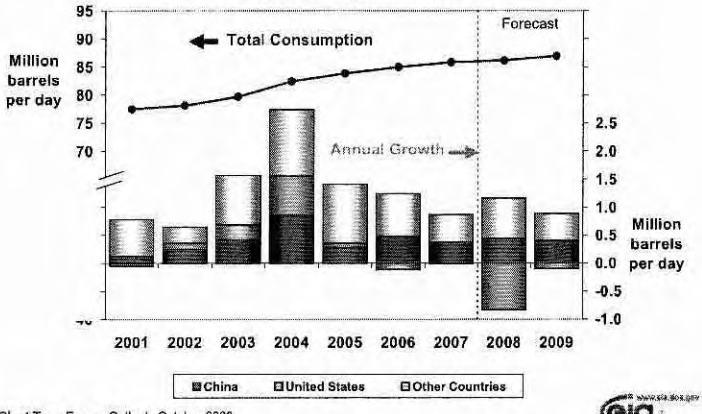
Short-Term Energy Outlook, October 2008

Natural Gas Prices



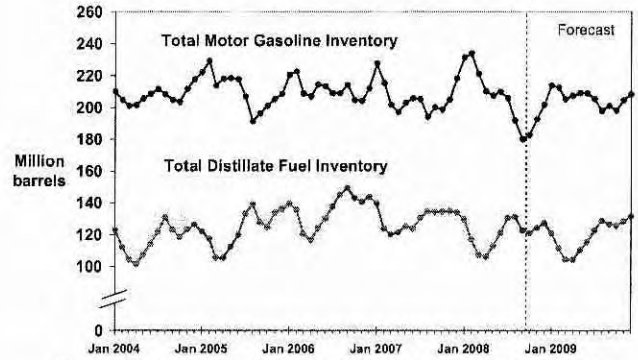
Short-Term Energy Outlook, October 2008

World Oil Consumption



Short-Term Energy Outlook, October 2008

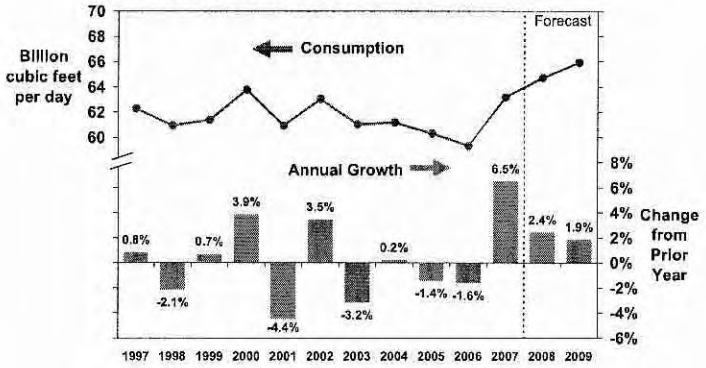
U.S. Gasoline and Distillate Inventories



NOTE: Colored bands represent "normal" range published in EIA Weekly Petroleum Status Report, Appendix A.

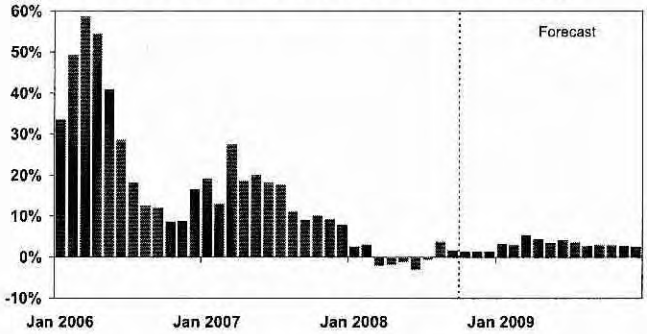
Short-Term Energy Outlook, October 2008

U.S. Total Natural Gas Consumption



Short-Term Energy Outlook, October 2008

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



Short-Term Energy Outlook, October 2008

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

	Firm			
	Residential & General Service	Optional Seasonal	Small & Large Interruptible	Air Force Interruptible
Gas Cost Adjustment:				
Gas Cost Level (Exhibit B)	$5.528	$5.609	$4.638	$4.617
Prior Gas Cost	5.818	5.899	4.931	4.909
Current Gas Cost Adjustment	($0.290)	($0.290)	($0.293)	($0.292)
Surcharge Adjustment:				
Current Adjustment	$0.845	$0.845	$0.349	$0.167
Prior Adjustment	0.845	0.845	0.349	0.167
Change in Surcharge Adjustment	$0.000	$0.000	$0.000	$0.000
Market Based Pricing Differential				
Current Adjustment	($0.008)	($0.008)	$0.000	$0.000
Prior Adjustment	(0.008)	(0.008)	0.000	0.000
Change in Margin Sharing Provision	$0.000	$0.000	$0.000	$0.000
Net Increase (Decrease) in Gas Costs	**($0.290)**	**($0.290)**	**($0.293)**	**($0.292)**
Gas Cost Level	$5.528	$5.609	$4.638	$4.617
Plus: Surcharge	0.845	0.845	0.349	0.167
Total Gas Cost Level in Tariff Rates	$6.373	$6.454	$4.987	$4.784

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

	Amount
Total Gas Costs 1/	$75,509,627
Residential and General Service dk Requirements 2/	13,720,393
Average Cost of Gas per dk	$5.503
Average Cost of Gas as Adjusted for Losses @ 99.55%	5.528
Less: Gas Cost Level in Rates 3/	5.818
Current Gas Cost Adjustment	**($0.290)**

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 September 30, 2008, adjusted for losses at .45%.
3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-824:

Cost of Purchased Gas	$5.792
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$5.818

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

Summer - June - September	
Total Gas Costs 1/	$75,509,627
Less: Annual MDDQ Costs 1/	11,403,807
Total Gas Costs excluding MDDQ	$64,105,820
Firm Service Requirements 1/	13,720,393
Other Gas Costs per Dk (excluding MDDQ)	$4.672
Summer Seasonal Rate, adjusted for losses 2/	4.693
Winter - October - May	
Annual MDDQ Costs 1/	$11,403,807
Winter Firm Service Requirements	12,509,032
MDDQ Costs per Winter Dk	$0.912
Add: Other Gas Costs per Dk	4.672
Winter Seasonal Rate	5.584
Winter Seasonal Rate, adjusted for losses 2/	$5.609
Less: Gas Cost Level in Rates 3/	5.899
Current Gas Cost Adjustment	**($0.290)**

1/ Exhibit B, page 1.
2/ Loss factor of .45%.
3/ Gas Cost Level in Current Tariff Rates Case No. PU-08-824:

	Summer	Winter
Cost of Purchased Gas	$4.961	$5.872
Adjustment for Distribution Losses	0.9955	0.9955
Gas Cost Level in Base Tariff Rates	$4.983	$5.899

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

	Amount
Total Gas Costs 1/	$16,172,525
Interruptible Service dk Requirements	3,502,739
Average Cost of Gas per dk	$4.617
Average Cost of Gas as Adjusted for Losses @ 99.55%	4.638
Less: Gas Cost Level in Rates 2/	4.931
Current Gas Cost Adjustment	**($0.293)**

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-08-824:

Cost of Purchased Gas	$4.909
Adjustment for Distribution Losses	0.9955
Gas Cost Level in Base Tariff Rates	$4.931

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

	Amount
Total Gas Costs 1/	$4,062,958
Air Force Interruptible dk Requirements	880,000
Average Cost of Gas per dk	$4.617
Less: Gas Cost Level in Rates 2/	4.909
Current Gas Cost Adjustment	**($0.292)**

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-08-824:
Cost of Purchased Gas $4.909

Montana-Dakota Utilities Co.
Schedule of Applicable Effective Pipeline Rates
December 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.

Source Gas (f/k/a Kinder Morgan, Inc. and 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

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.

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

	14th	Revised	Sheet No.	80.1
Canceling	13th	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
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)

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 DECEMBER 2008

	General Service		
	Storage Balance 1/	Prepaid Commodity Balance 2/	Prepaid Demand
October 2008	$11,855,098	$1,083,506	$3,040,170
November	9,599,018	886,539	2,461,816
December	5,352,066	566,751	1,168,694
January 2009	(1,615,026)	182,279	(383,657)
February	(6,152,716)	(75,488)	(1,308,245)
March	(8,399,350)	(221,988)	(1,894,225)
April	(8,396,748)	(247,358)	(1,726,304)
May	(5,525,455)	(126,625)	(1,022,318)
June	(944,456)	80,425	(44,972)
July	3,766,328	292,905	973,076
August	8,777,691	519,936	1,971,715
September	12,131,822	1,034,890	2,760,710
October	13,859,120	1,093,034	3,013,540
13 month average	$2,639,030	$389,908	$693,077
Rate of Return	8.791%	8.791%	8.791%
Return	$231,997	$34,277	$60,928
Return Requirement - Revenue	$384,165	$56,759	$100,891

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 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, 2008									**$11,725,941**
August	$891,059	$0	$11,188	$902,247	229,458	($0.233)	($33,640) 2/	$935,887	12,661,828
September	(334,878)	0	7,928	(326,950)	286,271	0.000	0	(326,950)	12,334,878
Balance @ September 30, 2008									**$12,334,878**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects 144,378.1 Dk @ ($0.233).

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, 2008									**$291,680**
August	$155,690	$0	$284	$155,974	35,230	($0.416)	($14,655) 2/	$170,629	462,309
September	(28,185)	0	292	(27,893)	37,026	0.000	0	(27,893)	434,416
Balance @ September 30, 2008									**$434,416**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects 35,229 Dk @ ($0.416).

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, 2008									**$121,188**
August	$164,522	$0	$121	$164,643	6,154	($0.135)	($831) 2/	$165,474	286,662
September	50,064	0	182	50,246	6,042	0.000	0	50,246	336,908
Balance @ September 30, 2008									**$336,908**

1/ Interest calculated at 90 day Treasury Note rate.
2/ Reflects 6,154 Dk @ ($0.135).