

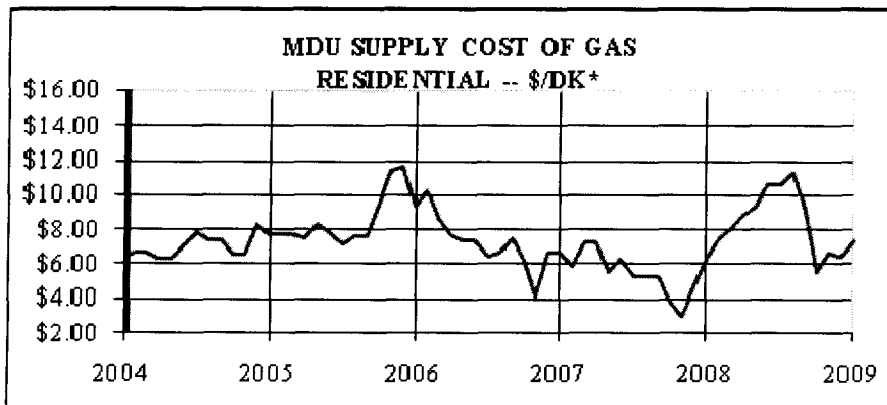
NORTH DAKOTA PUBLIC SERVICE COMMISSION
December 17, 2008

Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
January 2009
Cost of Gas - Natural Gas

PU-08-924
Filed 12/10/2008

MDU is increasing its Cost of Gas charge by \$0.979 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas used in January 2009. The Cost of Gas charge will change from \$6.365 per dk to \$7.344 per dk.

For residential consumption of 17 dk (representative of January), the cost of gas in the bill will be approximately \$16.64 higher than last month and \$17.24 higher than January 2008. MDU served 90,812 natural gas customers in North Dakota as of November 30, 2008.



The cost of gas change is due to:

- \$0.970 per dk increase in the commodity cost of gas.
- \$0.001 per dk increase in pipeline costs.
- \$0.008 per dk increase resulting from a change in firm transportation capacity allocation.

The change in the commodity cost of gas is attributed to the seasonal increase in space heating load. Volumes of natural gas in storage nationwide were 2.1 percent above the five-year average as of November 28, 2008.

For MDU, the Cost of Gas for the month is locked in by contract on the 1st or 2nd business day of the preceding month based on the Rocky Mountain CIG (Colorado Interstate Gas Company) Index.

The Rocky Mountain CIG Index is based on a price discovery survey by several natural gas periodicals, such as the "Inside FERC Gas Market" report and "Gas Daily" by McGraw Hill, or prices paid by willing sellers and buyers of quantities of gas in that region. The monthly price for the Rocky Mountain CIG Index is indicative of a majority of the supplies Montana-Dakota purchases for its requirements.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on energy issues. The information is available on the EIA website: <http://www.eia.doe.gov>.