GREAT PLAINS
NATURAL GAS CO.
A Division of MDU Resources Group, Inc.

105 West Lincoln Avenue
Mailing Address:
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Fergus Falls, MN 56538-0176
(218) 736-6935

December 31, 2008

Executive Secretary
North Dakota Public Service
Commission
State Capitol Building
Bismarck, ND 58505

Re: Cost of Gas Adjustment (COG)
January 2009

Great Plains Natural Gas Co. (Great Plains), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of a Cost of Gas Adjustment (COG) pursuant to North Dakota Century Code 49-05-05.

Attachment A is the Rate Summary Sheet (34th Revised Sheet No. 1.1) showing the proposed natural gas rates and the Cost of Gas Tariff (34th Revised Sheet No. 8), showing the January 2009 cost of gas and the resulting Cost of Gas Adjustment. The net effect of this filing is a decrease of $0.5706 per mcf for residential and firm general service customers and $0.4997 per mcf for interruptible customers.

Attachment B shows the calculations supporting the gas costs for January 2009, including the calculation of the commodity cost of gas. The commodity cost of gas has decreased $0.4997 per mcf since the last COG filing due to a decrease in the market price of gas. There has been a decrease in pipeline charges of $0.0709 per mcf due to changes in pipeline rates. The net effect of these changes is a decrease of $0.5706 per mcf for residential and firm general service customers.

Attachment C explains the reasons for the change in the market price of gas.

Attachment D shows the calculation of the balancing account since April 30, 2008.

Great Plains also submits herewith its check for $600.00 pursuant to the requirements of Section 49-05-05 of the North Dakota Century Code. This payment will cover the filing fee associated with the monthly COG filings for January through December, 2009.

Great Plains respectfully requests 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,

Tamie A. Aberle
Price & Tariff Manager

Attachments

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

Tamie A. Aberle, being first duly sworn, deposes and says; that she is the Price & Tariff Manager of Great Plains Natural Gas Co., the Applicant herein; that she has read the foregoing Application, knows the contents thereof, and that the same is true and correct to the best of her knowledge, information and belief.

Dated this 31st day of December 2008.

Tamie A. Aberle

Subscribed and sworn to before me this 31st day of December 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

Attachment A

GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of North Dakota
Gas Rate Schedule

NDPSC Volume 2
34th Revised Sheet No. 1.1
Canceling 33rd Revised Sheet No.1.1

RATE SUMMARY SHEET

Rate Schedule	Sheet No.	Basic Service Charge	Distribution Delivery Charge		COG Items	Total Rate/MCF
Firm Gas Service - General	2	$3.50 per month	First 10 MCF	$1.2740	$7.7019	$8.9759
			Over 10 MCF	1.0540		8.7559
Interruptible Gas Service - General	3	$3.50 per month	First 400 MCF	$1.1391	$4.9442	$6.0833
			Next 2,600 MCF	0.8931		5.8373
			Over 3,000 MCF	0.7411		5.6853
Interruptible Gas Service - Grain Processing	4	$3.50 per month	All MCF	$1.2391	$4.9442	$6.1833
Transportation Service	5	$3.50 per month	First 400 MCF	$1.1391		$1.1391
			Next 2,600 MCF	0.8931		0.8931
			Over 3,000 MCF	0.7411		0.7411

Date Filed: December 31, 2008

Effective Date: January 1, 2009

Issued By: Donald R. Ball
Vice President - Regulatory Affairs

Case No.:

GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of North Dakota
Gas Rate Schedule

NDPSC Volume 2
34th Revised Sheet No. 8
Canceling 33rd Revised Sheet No. 8

COST OF GAS

Summary:	Firm				Interruptible		
	Est. Wtd. Demand Costs	Average Commodity	GCR Adj.	Est. Wtd. Total Firm	Average Commodity	GCR Adj.	Total Int.
Base Rate	$0.0658	$5.1191	$0.0000	$5.1849	$5.1191	$0.0000	$5.1191
Accumulated Adj.	2.2176	1.0557	(0.1857)	3.0876	1.0557	(0.7309)	0.3248
Current Adj.	(0.0709)	(0.4997)	0.0000	(0.5706)	(0.4997)	0.0000	(0.4997)
Total Adj.	2.1467	0.5560	(0.1857)	2.5170	0.5560	(0.7309)	(0.1749)
Total Rate:	$2.2125	$5.6751	($0.1857)	$7.7019	$5.6751	($0.7309)	$4.9442

Date Filed: December 31, 2008 **Effective Date:** January 1, 2009

Issued By: Donald R. Ball
Vice President – Regulatory Affairs

Case No.:

GREAT PLAINS NATURAL GAS CO.
WAHPETON
COST OF GAS ADJUSTMENT
JANUARY 2009

Firm	Billing Determinants		Rate	Demand Months	Amount	Amount Per dk
FT-A	7,841		$3.4671	12	$326,226	$0.2084
FT-A - Zone 1-1	500		3.4671	5	8,668	0.0055
FT-A - Zone 1-2	4,500		4.5871	5	103,210	0.0659
FT-A Seasonal	3,000		3.7671	5	56,507	0.0361
FT-A Seasonal	1,000		3.7671	4	15,068	0.0096
TFX Seasonal	4,000		15.1530	5	303,060	0.1936
NOVA - Demand Charge	7,947		10.0142	12	954,994	0.6100
Trans Canada - Demand Charge	7,947		10.1081	12	963,949	0.6157
ProGas - Demand Charge	7,947		0.9612	12	91,664	0.0586
NOVA - Seasonal	5,068		10.0142	5	253,760	0.1621
Trans Canada - Seasonal	5,068		10.1081	5	256,139	0.1636
ProGas - Seasonal	5,068		0.9612	5	24,357	0.0156
ProGas Winter Surcharge	5,068		3.0049	5	76,144	0.0486
LMS Demand	2,500		1.0000	12	30,000	0.0192
Total Demand Charges					$3,463,746	2.2125
Estimated Weighted Average Commodity Cost	1,565,565	1/	5.6751		8,884,738	5.6751
Gas Cost Reconciliation Adjustment						(0.1857)
Total Current Firm Gas Cost					$12,348,484	7.7019
Base Cost of Gas						5.1849
Accumulated Adjustment						$2.5170
Interruptible						
Estimated Weighted Average Commodity Cost						$5.6751
Gas Cost Reconciliation Adjustment						(0.7309)
Total Current Interruptible Gas Cost						4.9442
Base Cost of Gas						5.1191
Accumulated Adjustment						($0.1749)

1/ Authorized in MN Docket No. G004/GR-04-1487 plus Wahpeton volumes.

GREAT PLAINS NATURAL GAS CO.
WAHPETON
COST OF GAS ADJUSTMENT
JANUARY 2009

Rates Effective January 1, 2009	$/Dk	
FT-A - Zone 1-1	$3.4671	Per dk/Mo.
FT-A - Zone 1-2	4.5871	Per dk/Mo.
FT-A - Seasonal	3.7671	Per dk/Mo.
TFX Seasonal	15.1530	Per dk/Mo.
NOVA - Demand Charge	10.0142	Per dk/Mo.
Trans Canada Pipeline Demand Charge	10.1081	Per dk/Mo.
ProGas - Demand Charge	0.9612	Per dk/Mo.
NOVA - Seasonal	10.0142	Per dk/Day
Trans Canada - Seasonal	10.1081	Per dk/Mo.
ProGas - Seasonal	0.9612	Per dk/Mo.
ProGas Winter Surcharge	3.0049	Per dk/Mo.
LMS Demand	1.0000	Per dk/Mo.
Estimated Weighted Average Commodity Cost:	5.6751	Per dk

Base Rate Effective July 1, 1981		
Demand Charge	$0.8100	Per Mcf/Mo.
Commodity Charge	5.1191	Per Mcf

Base Rate Calculation		
Firm		
Demand 1/	$0.0658	Per Mcf
Commodity	5.1191	Per Mcf
Total Firm Base Cost	$5.1849	Per Mcf
Interruptible:		
Commodity	$5.1191	Per Mcf

1/ Demand base rate calculation: 4,768 X 12 X $0.8100 / 707,222

Viking Gas Transmission Company
FERC Gas Tariff
First Revised Volume No. 1

Twelfth Revised Sheet No. 5
Superseding
Eleventh Revised Sheet No. 5

STATEMENT OF RATES
(Rates Per Dekatherm)

Currently Effective Term-Differentiated Rates

Rate Schedule	Base Tariff Rate
Category 1 (Contract Term of less than 3 Years)	
Monthly Reservation Rates	
FT-A	
Zone 1 - 1 Maximum Rate	$3.7671
Zone 1 - 1 Minimum Rate	$0.0000
Zone 1 - 2 Maximum Rate	$4.8871
Zone 1 - 2 Minimum Rate	$0.0000
Zone 2 - 2 Maximum Rate	$2.1400
Zone 2 - 2 Minimum Rate	$0.0000
Category 2 (Contract Term of 3 Years to less than 5 Years)	
Monthly Reservation Rates	
FT-A	
Zone 1 - 1 Maximum Rate	$3.6171
Zone 1 - 1 Minimum Rate	$0.0000
Zone 1 - 2 Maximum Rate	$4.7371
Zone 1 - 2 Minimum Rate	$0.0000
Zone 2 - 2 Maximum Rate	$1.9900
Zone 2 - 2 Minimum Rate	$0.0000
Category 3 (Contract Term of 5 or more Years)	
Monthly Reservation Rates	
FT-A	
Zone 1 - 1 Maximum Rate	$3.4671
Zone 1 - 1 Minimum Rate	$0.0000
Zone 1 - 2 Maximum Rate	$4.5871
Zone 1 - 2 Minimum Rate	$0.0000
Zone 2 - 2 Maximum Rate	$1.8400
Zone 2 - 2 Minimum Rate	$0.0000

Issued by: Raymond D. Neppl, Vice President
Issued on: November 29, 2005 Effective on: January 1, 2006
Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP02-132-002, issued November 8, 2002, 01 FERC ¶ 61,170

Viking Gas Transmission Company
FERC Gas Tariff
First Revised Volume No. 1

Twenty-Fourth Revised Sheet No. 5B
Superseding
Twenty-Third Revised Sheet No. 5B

STATEMENT OF RATES
(Rates Per Dekatherm)

Rate Schedule	Base Tariff Rate	Adjustment Under Section 19 1/	Rate After Current Adjustment	Fuel and Loss Retention Percentages 2/
Commodity Rates				
FT-A - Maximum Rates				
Zone 1 - 1	$0.0130	$0.0017	$0.0147	1.95%
Zone 1 - 2	$0.0130	$0.0017	$0.0147	2.31%
Zone 2 - 2	$0.0130	$0.0017	$0.0147	0.36%
Minimum Rate	$0.0130	$0.0017	$0.0147	
IT and AOT				
Zone 1 - 1	$0.1368	$0.0017	$0.1385	1.95%
Zone 1 - 2	$0.1737	$0.0017	$0.1754	2.31%
Zone 2 - 2	$0.0834	$0.0017	$0.0851	0.36%
Minimum Rate	$0.0130	$0.0017	$0.0147	

1/ Pursuant to Section 19 of the General Terms and Conditions, the Annual Charge Adjustment (ACA) Surcharge of $0.0017 per Dekatherm shall be added to other charges under Company's Rate Schedules.

2/ Fuel and Losses Retention Percentages shall be applicable to all transportation rate schedules.

Transportation Fuel and Loss Retention Percentages are inclusive of the following percentages for Gas Lost and Unaccounted For: .26% for Zone 1-1, .31% for Zone 1-2, and .05% for Zone 2-2. Transportation entirely by backhaul will incur only the Gas Lost and Unaccounted For percentages.

Issued by: J. Phill May, Vice President Commercial
Issued on: October 1, 2008
Effective on: November 1, 2008

Viking Gas Transmission Company
FERC Gas Tariff
First Revised Volume No. 1

Thirteenth Revised Sheet No. 5C
Superseding
Substitute Twelfth Revised Sheet No. 5C

STATEMENT OF RATES
(Rates Per Dekatherm)

Rate Schedule	Base Tariff Rate	Adjustment Under Section 27 1/	Rate After Current Adjustment
LMS - Monthly Demand Rate	$1.0000		$1.0000
LMS - Daily Overrun Rate	$0.1737		$0.1737
LMS - Load Management Cost Reconciliation Adjustment		($0.0286)	

1/ Pursuant to Section 27 of the General Terms and Conditions of this Tariff, a mechanism is established to reconcile through surcharges or credits to the Rate Schedule LMS rate, as appropriate, differences between the cost to maintain Company's line pack gas and the amounts Company receives or pays for such gas arising out of the purchase and sale of such gas.

Issued by: J. Phill May, Vice President Commercial
Issued on: February 29, 2008
Effective on: April 1, 2008

Attachment B
Page 6 of 7

RATE SCHEDULE TF

RESERVATION RATES	MARKET-TO-MARKET TF12 Base	MARKET-TO-MARKET TF12 Variable	MARKET-TO-MARKET TF5	FIELD-TO-FIELD/MARKET DEMARCATION TFF
Base Tariff Rates 1/				
Summer (Apr-Oct)	5.683	5.683	-0-	5.473
Winter (Nov-Mar)	10.230	13.866	15.153	9.853

COMMODITY RATES 2/ TF12 Base, TF12 Var., TF5 & TFF		Market Area 3/		Field Mileage 5/ Rate per 100 miles		Carlton Surcharge 4/		Out-of Balance 3/	
Receipt Point	Delivery Point	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
Market	Market	0.0379	0.0210			0.0175	0.0000	0.0379	0.0210
Field	Market	0.0379	0.0210	0.0122	0.0040	0.0175	0.0000		
Market	Field			0.0122	0.0040				
Field	Field			0.0122	0.0040			0.0293	0.0107

1/ The minimum reservation rate is equal to zero.
2/ The applicable Mileage Indicator Districts (MIDs) billing rate will be added to the TF rates for volumes received in the Field Area, or received in the Market Area and delivered to the Field Area. The MIDs rates shown on Sheet Nos. 59-60A represent the total maximum Field Area throughput commodity rates for any transaction involving MIDs.
3/ Maximum and Minimum rates include ACA of $0.0017 and the Market Area Electric Compression charge of $0.0003 where applicable.
4/ Applicable to Market Area shippers as provided for in the Carlton Settlement filed in Docket No. RP96-347 dated October 28, 1996.
5/ Where Applicable, Field Area Electric Compression charge of $0.0000 and ACA will be added to the mileage based rates.

R A T E S C H E D U L E S T F X a n d L F T

Attachment B
Page 7 of 7

RESERVATION RATES	MARKET-TO-MARKET Apr-Oct	MARKET-TO-MARKET Nov-Mar	FIELD-TO-FIELD Apr-Oct	FIELD-TO-FIELD Nov-Mar
Base Tariff Rates 1/	$5.683	$15.153	$5.473	$9.853

COMMODITY RATES 2/ TFX and LFT		Market Area 3/		Field Mileage 5/ Rate per 100 miles		Carlton Surcharge 4/		Out-of-Balance 3/	
Receipt Point	Delivery Point	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
Market	Market	0.0379	0.0210			0.0175	0.0000	0.0379	0.0210
Field	Market	0.0379	0.0210	0.0122	0.0040	0.0175	0.0000		
Market	Field			0.0122	0.0040				
Field	Field			0.0122	0.0040			0.0293	0.0107

GULF COAST	Reservation 1/ Maximum	Reservation 1/ Minimum	Commodity 6/ Maximum	Commodity 6/ Minimum	Out-of-Balance 6/ Maximum	Out-of-Balance 6/ Minimum
MOPS Gathering	1.0514	0.0000	0.0017	0.0017	0.0017	0.0017
MOPS Transmission	1.5337	0.0000	0.0017	0.0017	0.0017	0.0017
Tivoli - Downstream	0.6827	0.0000	0.0017	0.0017	0.0017	0.0017
Other Gulf Coast	4.8169	0.0000	0.0017	0.0017	0.0017	0.0017

1/ The minimum reservation rate is equal to zero.
2/ The applicable Mileage Indicator Districts (MIDs) billing rate will be added to the TF rates for volumes received in the Field Area, or received in the Market Area and delivered to the Field Area. The MIDs rates shown on Sheet Nos. 59-60A represent the total maximum Field Area throughput commodity rates for any transaction involving MIDs.
3/ Maximum and Minimum rates include ACA of $0.0017 and the Market Area Electric Compression charge of $0.0003 where applicable.
4/ Applicable to Market Area shippers as provided for in the Carlton Settlement filed in Docket No. RP96-347 dated October 28, 1996.
5/ Where applicable, Field Area Compression charge of $0.0000 and ACA will be added to the mileage based rates.
6/ Maximum and Minimum rates include ACA of $0.0017.

Great Plains Natural Gas Co.
Market Conditions for Wahpeton's Natural Gas
January 2009

The principal gas sources of natural gas for Wahpeton, North Dakota are from the large Western Canadian Sedimentary Basin (WCSB). The pricing point for much of this gas is the Alberta Energy Company (AECO-C), one of the largest and most liquid volume points in North America. The January monthly price for the AECO Index is expected to decrease from the previous month. The AECO Index is based on the weighted average one month spot price at AECO-C and Nova Inventory Transfer (N.I.T.) as reported by Natural Gas Exchange (NGX).

The price decrease can likely be attributed to the continuing economic downturn and the large-scale reduction in demand for all energy products that is expected to accompany the downturn. The higher than average storage level and the increase in the North American domestic supply are likely contributing factors to the projected price decrease. The Energy Information Administration (EIA) reported storage levels nationwide as of December 19, 2008 were 3.4 percent above the five-year average and 1.1 percent below last year's balance.

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

The most recent Short-Term Energy Outlook specific to natural gas prices, supply and demand is provided as pages 2 through 10.

www.eia.doe.gov
Energy Information Administration

December 2008

Short-Term Energy Outlook

December 9, 2008 Release

Highlights

- The current global economic slowdown is now projected to be more severe and longer than in last month's *Outlook*, leading to further reductions of global energy demand and additional declines in crude oil and other energy prices.

- The monthly average price of West Texas Intermediate (WTI) crude oil has fallen by more than half between July and November, reflecting the fallout from the rapid decline in world petroleum demand. The annual average WTI price is now projected to be $100 per barrel in 2008 and $51 in 2009.

- The average U.S. prices for regular-grade gasoline and diesel fuel, at $1.70 and $2.52 per gallon respectively on December 8, were both more than $2 per gallon below their highs in mid-July. With the assumption of a fragile economy throughout 2009, along with lower projected crude oil prices, annual average retail gasoline and diesel fuel prices in 2009 are projected to be $2.03 and $2.47 per gallon, respectively.

- Residential heating oil prices during this current heating season (October though March) are projected to average $2.53 per gallon, a reduction of 24 percent from the 2007-2008 heating season. Residential propane prices are projected to average $2.10 this winter, a decrease of 14 percent from last winter. Residential natural gas prices are projected to average $12.56 per thousand cubic feet (Mcf), a decrease of 1.3 percent from last winter.

- The U.S. economic recession is also contributing to lower natural gas wellhead prices. The Henry Hub natural gas spot price is projected to decline from an average of $9.17 per Mcf in 2008 to $6.25 per Mcf in 2009.

Global Petroleum

Overview

The increasing likelihood of a prolonged global economic downturn continues to dominate market perceptions, putting downward pressure on oil prices. World real gross domestic product (GDP) growth is projected to slow from about 4 percent in 2006 and 2007 to about 2.7 percent this year and 0.5 percent in 2009. Last month's *Outlook* assumed world GDP would increase by 1.8 percent in 2009. The condition of the global economy and production decisions by members of the Organization of Petroleum Exporting Countries (OPEC) are expected to remain the crucial factors driving world oil prices.

Consumption. The status of the global economy has become the most important driver of oil consumption growth and EIA's oil consumption projections continue to be revised downward in response to lower forecasts for global economic growth. As a result, global oil consumption is expected to decline by 50,000 bbl/d in 2008 and by 450,000 bbl/d in 2009, which would mark the first time in 3 decades that world consumption would decline in 2 consecutive years. In both years, growth is concentrated in countries outside of the Organization for Economic Cooperation and Development (OECD), especially China, the Middle East, and Latin America. However, projected sharp declines in oil consumption in OECD countries more than offset any non-OECD oil consumption growth (World Oil Consumption). If the world economy recovers sooner or is stronger than EIA now anticipates, oil consumption could decline at a slower rate or potentially increase instead, putting upward pressure on oil prices.

Non-OPEC Supply. Non-OPEC supply is expected to decline by 310,000 bbl/d in 2008, reflecting a combination of factors that include large supply disruptions in Central Asia and the Gulf of Mexico and project delays. Although declines in many non-OPEC basins, especially Mexico, the North Sea and Russia, are expected to continue in 2009, EIA projects that total non-OPEC supply will grow by 410,000 bbl/d in 2009, with the largest sources of growth coming from Azerbaijan, Brazil and the United States.

The global economic slowdown and falling oil prices bring additional risk to the usual uncertainties (unexpected disruptions, project delays, underestimation of decline rates) concerning non-OPEC supply growth. Lower oil prices bring into doubt the viability of some high-cost non-OPEC projects, especially those utilizing nonconventional technology or those seeking to exploit frontier oil basins. The credit crunch associated with the global economic crisis can also make it difficult for oil

companies to acquire financing for new projects. If problems in global financial markets lead to delayed investment in existing and new oil fields, then even a short-lived economic downturn could have longer-term ramifications for world oil supply. This would heighten the risk of a return to a tight supply situation once the world economy and oil demand growth recover.

OPEC Supply. OPEC is scheduled to meet on December 17 to evaluate the effectiveness of its earlier decisions to cut production targets by 1.5 million bbl/d and to weigh the need for additional production cuts. Although the extent of OPEC members' compliance with the last production cut is still uncertain, EIA believes that the continued weak market conditions will prompt higher-than-usual compliance among OPEC members. It remains unclear whether production cuts so far are enough to avoid a counter-seasonal inventory build in the fourth quarter of 2008, a build that would add to downward price pressure over the winter. The position of some OPEC members at the upcoming meeting may be influenced by a desire to avoid excessive production cuts that might further tighten the market and trigger a sharp price rebound that could hurt the world economy.

EIA projects that OPEC crude production will fall from 32.6 million bbl/d in the third quarter of 2008 to 30.6 million bbl/d in the first quarter of 2009. OPEC crude production is expected to average 30.6 million bbl/d in 2009, about 1.6 million bbl/d below 2008 levels. The combination of lower demand for OPEC oil and capacity expansions expected in several OPEC countries would lead to a rise of surplus production capacity to an average of 4 million bbl/d in 2009 (OPEC Surplus Oil Production Capacity). In addition, EIA expects that OPEC production of non-crude liquids will rise substantially next year, growing by 770,000 bbl/d in 2009. Our price forecast for 2009 reflects both of these factors.

Inventories. Revised data indicate that OECD commercial inventories rose by 568,000 bbl/d in the third quarter of 2008, somewhat higher than historic rates for inventory builds during this time of year. OECD commercial inventories stood at 2.65 billion barrels at the end of the third quarter, equivalent to 57 days of forward consumption cover. On the basis of days of forward cover, OECD commercial inventories are well above historic levels, and EIA projects that they will remain there through the end of 2009 (Days of Supply of OECD Commercial Stocks).

U.S. Petroleum

Consumption. Buffeted by the increase in prices to record levels and the weakening economy, total petroleum products consumption in 2008 is projected to fall by 1.2 million bbl/d, or 5.8 percent, from the 2007 average (U.S. Petroleum Products

Consumption Growth). Motor gasoline consumption is projected to decline by 320,000 bbl/d, or 3.4 percent, in 2008 with the year-over-year decline narrowing to 50,000 bbl/d in 2009. Despite the recent cold weather that gripped much of the Nation, distillate fuel consumption is projected to decline by 240,000 bbl/d, or 5.7 percent, in 2008, and by an additional 70,000 bbl/d in 2009. In 2009, total petroleum products consumption is projected to fall by 200,000 bbl/d, or 1 percent.

Production. In 2008, domestic crude oil production is projected to average 4.9 million bbl/d, a decline of 130,000 bbl/d from last year (U.S. Crude Oil Production). However, domestic production is projected to increase in 2009 by 320,000 bbl/d to an average of 5.25 million bbl/d. This would be the first production increase since 1991. Contributing to the increase in output are the Gulf of Mexico Thunder Horse platform, which is coming on stream now, and the Tahiti platform, expected to come on stream late in 2009.

Prices. Having fallen from record highs to below $50 per barrel, WTI prices are projected to average around $100 per barrel in 2008. Under current economic assumptions and assuming no major crude oil supply disruptions, WTI prices are expected to average $51 per barrel in 2009 (Crude Oil Prices), down from the $63.50 projected in last month's *Outlook*.

Regular-grade gasoline prices averaged $1.70 per gallon on December 8, down substantially from their July 14 peak of $4.11 per gallon. They are projected to average $2.03 per gallon in 2009, down from the $2.37 per gallon projected in the previous *Outlook*. Because of continued weakness in motor gasoline consumption, the difference between the price of gasoline and the cost of crude oil is expected to remain low throughout the forecast.

Residential heating oil retail prices this winter are projected to average $2.53 per gallon, a decrease of 78 cents from last winter's average. On-highway diesel fuel retail prices are projected to average $2.47 per gallon in 2009, down $1.33 from the 2008 average, compared with a $1.16-per-gallon decline in the price of WTI crude oil. The projected continuation of the decline in the consumption of diesel fuel in the United States as well as a slowing of the growth in distillate fuel usage outside the United States are expected to result in a weakening of refining margins.

Spot propane prices are strongly influenced by both crude oil and natural gas prices. Residential retail propane prices are projected to average $2.10 per gallon this winter, a decrease of 14 percent from the last winter heating season. However, with current low inventories, propane markets are likely to remain relatively tight this winter, with

the potential for upward pressure on residential propane prices if the recent colder-than-normal weather persists.

Natural Gas

Consumption. Total natural gas consumption, which is more weather-driven than oil consumption, is expected to increase by 0.5 percent in 2008 and remain flat in 2009 (Total U.S. Natural Gas Consumption Growth). Consumption is projected to be higher in every sector in 2008, except for electric power, primarily due to the projected 5.3-percent increase in heating degree-days compared with last year. In 2009, consumption in the residential, commercial, and electric power sectors is expected to grow, albeit slightly. However, poor economic conditions both domestically and worldwide are expected to hamper U.S. industrial production activities through the forecast period. As a result, natural gas consumption in the industrial sector is expected to decline by 2.4 percent in 2009.

Production and Imports. Total U.S. marketed natural gas production is expected to increase by 5.4 percent in 2008 and by 0.9 percent in 2009. Domestic natural gas production continues to surge behind strong growth in the Lower-48 onshore, where annual average production is expected to increase by 9.1 percent this year. However, a dip in recent drilling activity, reflecting lower average prices and poor economic conditions, is expected to limit onshore production growth to 0.8 percent in 2009. Production outages in the Federal Gulf of Mexico (GOM) caused by Hurricanes Gustav and Ike led to a decline in offshore production of 14.5 percent in 2008. Production in the Federal GOM is expected to increase by 1.8 percent in 2009. U.S. imports of liquefied natural gas (LNG) are expected to total about 360 billion cubic feet (Bcf) in 2008 and slightly over 400 Bcf in 2009, remaining well below the 2007 level.

Inventories. On November 28, 2008, working natural gas in storage was 3,358 Bcf (U.S. Working Natural Gas in Storage). Current inventories are now 69 Bcf above the 5-year average (2003–2007) and 107 Bcf below the level during the corresponding week last year.

Prices. The Henry Hub spot price averaged $6.87 per Mcf in November. Natural gas prices, which have declined from a monthly average of $13.06 per Mcf in June, reflect the impact of increased domestic production, the weak economy, and lower oil prices. While these factors are expected to lead to lower natural gas prices throughout the forecast period, the pass-through of higher natural gas prices paid earlier in the year for supplies that will be called upon to meet winter demand is expected to contribute to a small increase in heating expenditures this winter for households that use gas as

their primary heating fuel. On an annual basis, the Henry Hub spot price is expected to average $9.17 per Mcf in 2008 and $6.25 per Mcf in 2009, compared with $7.17 per Mcf in 2007.

Electricity

Consumption. Total electricity consumption during 2008 is projected to be flat at about 2007 levels, as slight growth in the commercial and industrial sectors is balanced by decline in the residential sector, primarily as a result of milder summer temperatures (U.S. Total Electricity Consumption). Total electricity consumption is expected to decline in 2009 due to the slow growth in new housing construction and reduced demand in the industrial sector.

Prices. Spot prices for power generation fuels continue to decline from their peak summer levels. Residential electricity prices are expected to rise by 6 percent this year and by 5 percent in 2009 (U.S. Residential Electricity Prices).

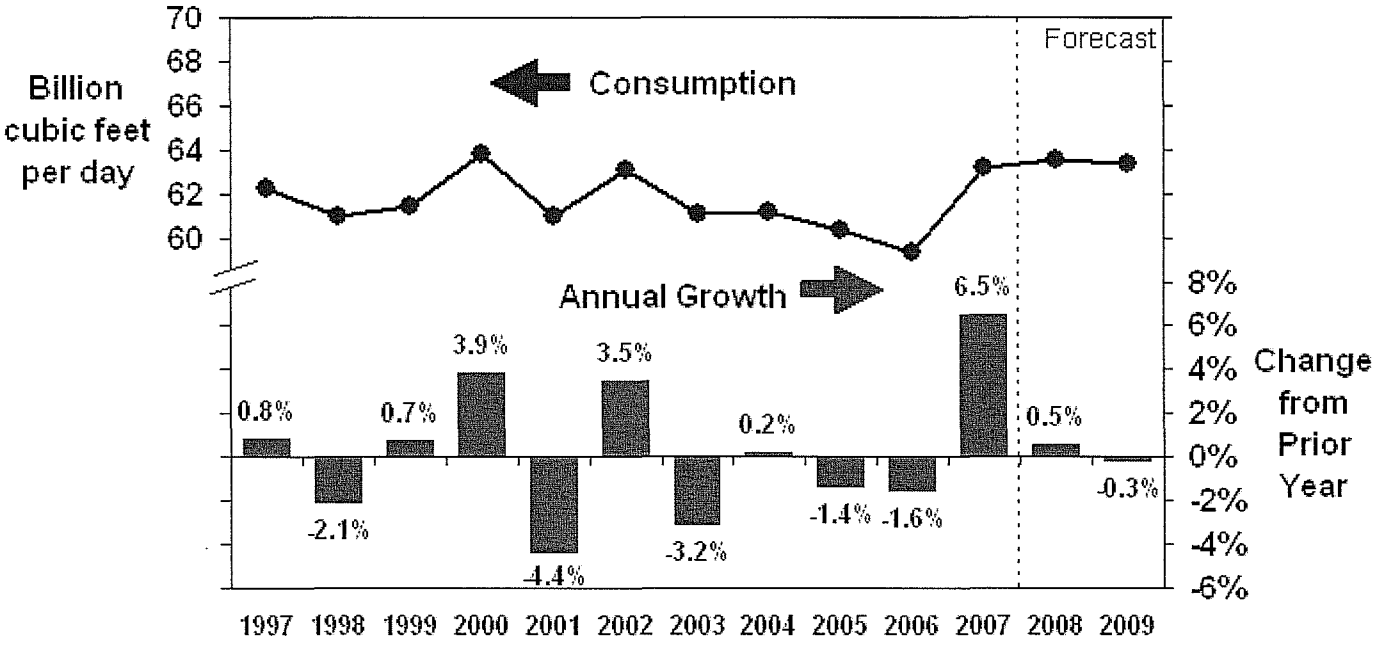
Coal

Consumption. Electric-power-sector coal consumption for the first half of 2008 grew by 1.3 percent, but a decline in summer (third quarter) electricity consumption is expected to limit annual electric-power-sector coal consumption growth to only 0.3 percent in 2008. An expected decline in electricity consumption in 2009, combined with projected increases from other generation sources (nuclear, natural gas, petroleum, and wind), will contribute to a projected 0.2-percent decline in electric-power-sector coal consumption. Consumption in the coke plant sector is expected to fall by 4.1 percent in 2008 and an additional 6.4 percent in 2009 (U.S. Coal Consumption Growth).

Production. A significant increase in coal exports in 2008 contributed to a 2.8-percent increase in coal production. Production is expected to fall by 2.6 percent in 2009 as lower total domestic coal consumption is combined with declines in exports and a small increase in imports. (U.S. Annual Coal Production).

Exports. Strong global demand for coal, combined with supply disruptions in several key coal-exporting countries (Australia, South Africa, and China), spurred an increase in U.S. coal exports. Although the supply disruptions have ended, worldwide demand for coal is projected to lead to a nearly 40-percent increase in U.S. coal exports in 2008. Reductions in global coal demand, coupled with the return to normal supply conditions in other major coal-producing and exporting countries are expected to reduce U.S. coal exports by 11 million short tons (a 13-percent decrease) in 2009.

U.S. Total Natural Gas Consumption



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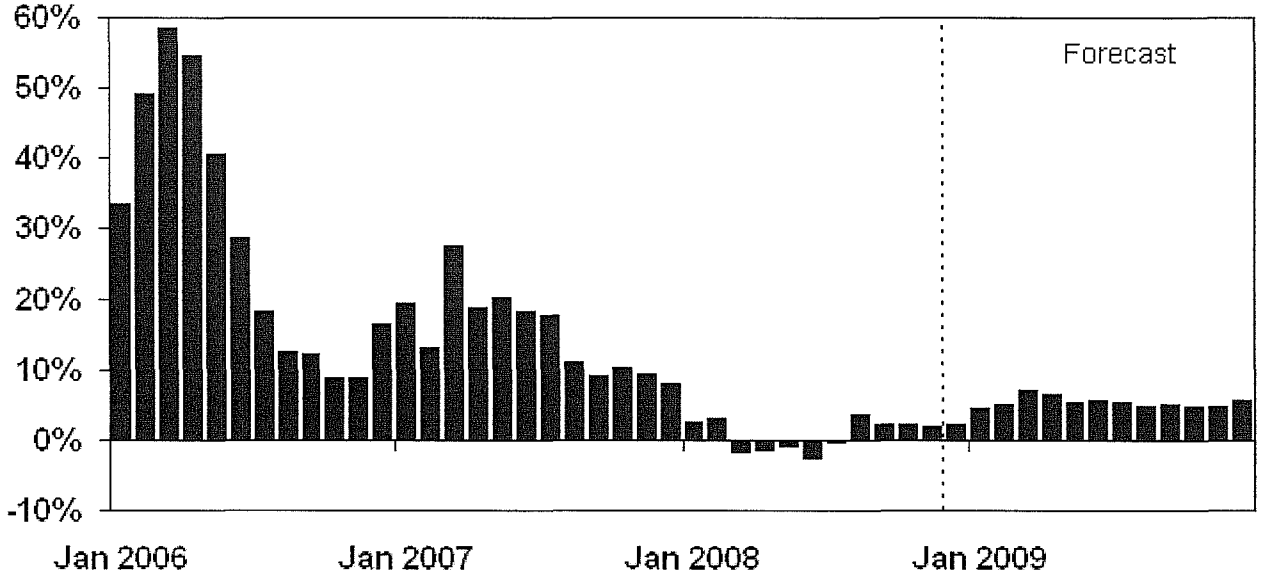
U.S. Working Natural Gas in Storage
(Percent Difference from Previous 5-Year Average)



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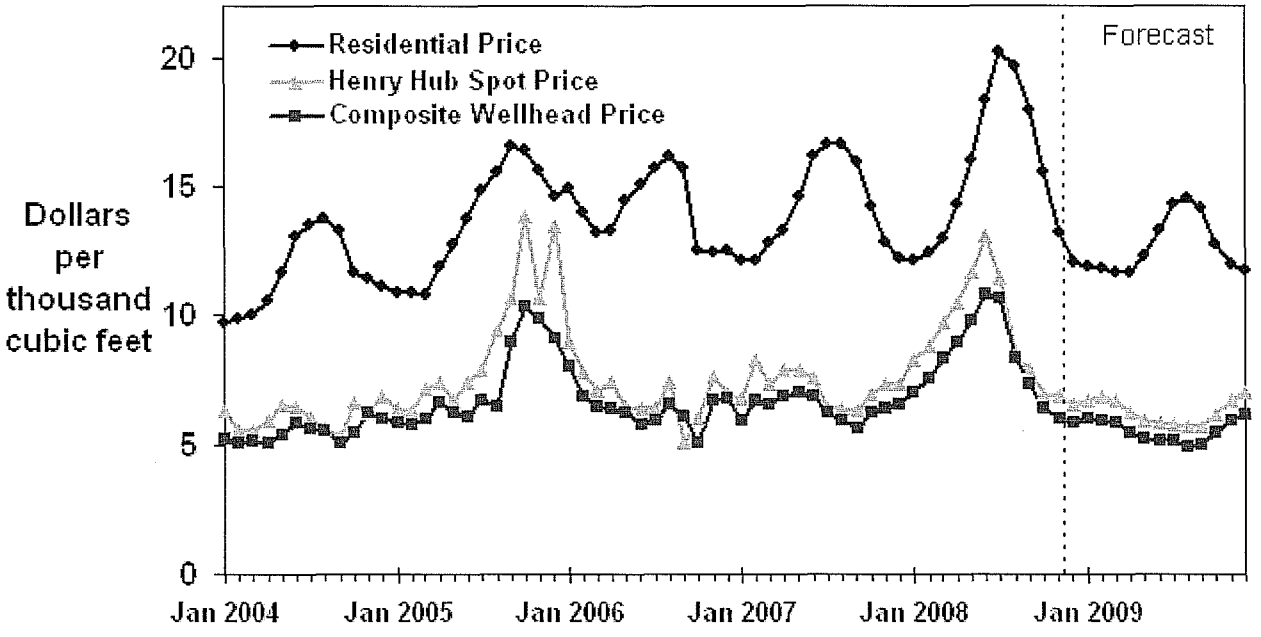
Natural Gas Prices



Short-Term Energy Outlook, December 2008

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GREAT PLAINS NATURAL GAS 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 Mcf Sales	Adjustment Per Mcf	Total Adjustment Amount	Net Change-Additions less Adjustment	Cumulative Balance
Balance @ April 30, 2008									**($46,836)**
May	($7,154)	$0	($671)	($7,825)	17,007	$0.7009	$11,920	($19,745)	(66,581)
June	25,399	0	(868)	24,531	9,026	(0.1857)	(1,676)	26,207	(40,374)
July	12,556	0	(565)	11,991	6,909	(0.1857)	(1,283)	13,274	(27,100)
August	47,784	0	(408)	47,376	5,577	(0.1857)	(1,036)	48,412	21,312
September	26,255	0	135	26,390	6,028	(0.1857)	(1,119)	27,509	48,821
October	13,043	0	440	13,483	8,294	(0.1857)	(1,540)	15,023	63,844
November	16,133	0	605	16,738	18,404	(0.1857)	(3,418)	20,156	84,000
Balance @ November 30, 2008									**$84,000**

GREAT PLAINS NATURAL GAS 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 Mcf Sales	Adjustment Per Mcf	Total Adjustment Amount	Net Change-Additions less Adjustment	Cumulative Balance
Balance @ April 30, 2008									**($111,189)**
May	($7,255)	$0	($1,155)	($8,410)	8,115	$0.1814	$1,472	($9,882)	(121,071)
June	(7,516)	0	(1,252)	(8,768)	7,134	(0.7309)	(5,214)	(3,554)	(124,625)
July	(44,216)	0	(1,282)	(45,498)	11,473	(0.7309)	(8,386)	(37,112)	(161,737)
August	(2,975)	0	(1,685)	(4,660)	8,162	(0.7309)	(5,966)	1,306	(160,432)
September	(10,606)	0	(1,655)	(12,261)	8,741	(0.7309)	(6,389)	(5,872)	(166,304)
October	(6,575)	0	(1,707)	(8,282)	12,016	(0.7309)	(8,782)	500	(165,804)
November	4,717	0	(1,689)	3,028	19,205	(0.7309)	(14,037)	17,065	(148,739)
Balance @ November 30, 2008									**($148,739)**