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April 16, 2007

BY ELECTRONIC MAIL AND U.S. MAIL

Hon. Christina M. Hayes
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

Re: Docket No. UM 1283

Dear Judge Hayes:

Pursuant to your Ruling dated April 4, 2007, MDU Resources Group, Inc. submits this letter reporting on the status of the parties' settlement negotiations.

The parties have reached agreement on a global settlement of all issues in this docket. On April 6, 2007, the parties met by telephone conference and discussed the settlement documents that MDU Resources and Cascade Natural Gas Corporation circulated on March 28, 2007. MDU Resources and Cascade circulated revised documents on April 11, 2007, and the parties are scheduled to convene by telephone conference to address any remaining issues on April 17, 2007.

MDU Resources and Cascade are hopeful that the parties will be able to finalize the settlement documents and to file signed stipulations within a week to ten days.

Thank you for your attention to this matter.

Sincerely yours,

Lawrence Reichman

LR:dma
cc: Service list

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Perkins Coie LLP and Affiliates

CERTIFICATE OF SERVICE

I certify that I served, on April 16, 2007, a **Letter to Honorable Christina M. Hayes** by causing a copy to be sent by electronic and U.S. Mail to:

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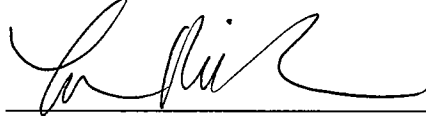
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