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April 3, 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 March 22, 2007, MDU Resources Group, Inc. submits this letter reporting on the status of the parties' settlement negotiations.

All of the parties met on March 23, 2007, and made substantial progress towards reaching agreement on the terms of a global settlement that includes not only all issues in this docket, but also all issues in Docket No. UG 173. By March 28, 2007, the parties had reached an agreement in principle on all terms to settle these two dockets. Also on March 28, 2007, MDU Resources and Cascade Natural Gas Corporation circulated to the other parties in these two dockets proposed terms for stipulations to memorialize and implement the settlements.

As of this date, MDU Resources and Cascade are awaiting the other parties' comments on the proposed settlement documents, which we expect to receive no later than April 4, 2007. MDU Resources and Cascade are hopeful that the parties will be able

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Perkins Coie LLP and Affiliates

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to resolve any differences they may have and to file signed stipulations to settle these two dockets within a week to ten days.

Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'L. Reichman', written in a cursive style.

Lawrence Reichman

LR:dma

cc: Service list

## CERTIFICATE OF SERVICE

I certify that I served, on April 3, 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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By 

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