

NORTH DAKOTA PUBLIC SERVICE COMMISSION
July 17, 2002

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
August 2002
Purchased Gas Adjustment-Natural Gas**

**PU-399-02-333
Filed 07/11/2002**

SUMMARY OF PROPOSAL:

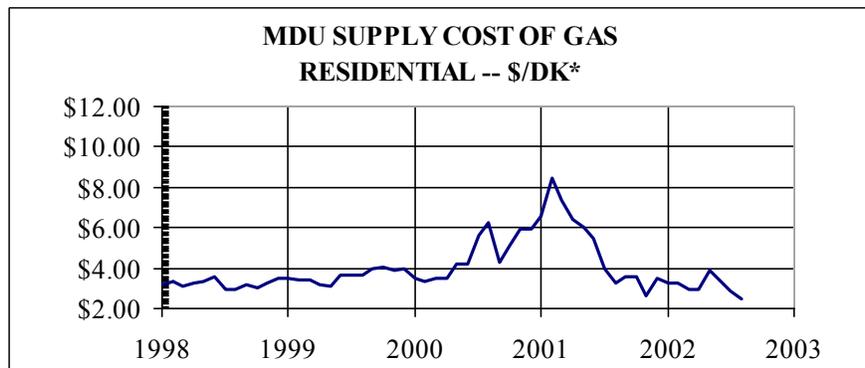
For gas bills issued during August 2002, MDU is decreasing its purchased gas adjustment by \$.346 per dekatherm for residential and firm general service customers. This changes the current purchased gas adjustment from negative \$.832 per dk to negative \$1.178 per dk.

The change in the purchased gas adjustment for residential customers results from:

- \$.328 per dk decrease in the commodity cost of gas
- \$.018 per dk decrease in Williston Basin rates.

The resulting supply cost of gas, excluding the annual surcharge adjustment and the margin sharing, is \$3.041 per dk. The resulting billed cost of gas for August usage, including the annual surcharge adjustment and the margin sharing, is \$2.491 per dk.

The Department of Energy's Energy Information Administration reports that, although storage levels at the end of the heating season are much higher than average, current spot prices are higher than during the past heating season, except for the Rocky Mountain region. With current prices higher than previously expected and industry anxiety over short-term productive capacity, 2003 gas prices are expected to be higher than the current year's average projected price.



This PGA change will decrease the August bill for a typical residential customer with usage of 1.8 dk by \$.62. There were 82,970 MDU customers in North Dakota as of May 31, 2002.

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

MOTION

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Case No. PU-399-02-333

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for August 2002, Case No. PU-399-02-333.

PJF/sdh