

NORTH DAKOTA PUBLIC SERVICE COMMISSION
November 20, 2002

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

**PU-399-02-589
Filed 11/12/2002**

SUMMARY OF PROPOSAL:

For gas bills issued during December 2002, MDU is increasing its purchased gas adjustment by \$1.208 per dekatherm (dk) for residential and firm general service customers. This changes the current purchased gas adjustment from negative \$1.307 per dk to negative \$.99 per dk.

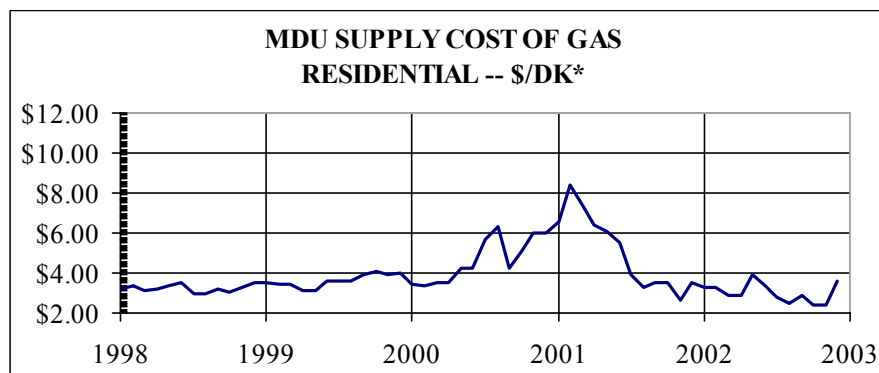
The change in the purchased gas adjustment for residential customers results from:

- \$1.212 per dk increase in the commodity cost of gas
- \$.004 per dk decrease in firm transportation capacity cost effective November 1. This year, when winter transportation contracts were implemented, North Dakota's jurisdictional proportion of transportation capacity cost resulted in an overall decrease in transportation cost relative to Montana and Wyoming.

The resulting supply cost of gas for December usage, excluding the annual surcharge adjustment and the margin sharing, is \$4.12 per dk. The resulting billed cost of gas, including the annual surcharge adjustment and the margin sharing, is \$3.570 per dk.

The increase in commodity cost is attributed to unseasonable, early cold weather creating incremental demand prior to the traditional heating season and the continued expectation of solid recovery in the U. S. industrial economy during the fourth quarter of this year and into 2003.

The Rocky Mountain CIG Index is based on a detailed 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 Rocky Mountain CIG Index is indicative of most supplies MDU purchases for its requirements.



This PGA change will increase the December bill for a typical residential customer with usage of 18.8 dk by \$22.78. There were 83,359 MDU customers in North Dakota as of September 30, 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>.

M O T I O N

November 20, 2002

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

Case No. PU-399-02-589

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for December 2002, Case No. PU-399-02-589.

PJF/sdh