

NORTH DAKOTA PUBLIC SERVICE COMMISSION
September 24, 2003

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
October 2003
Purchased Gas Adjustment-Natural Gas**

**PU-399-03-522
Filed 09/11/2003**

SUMMARY OF PROPOSAL:

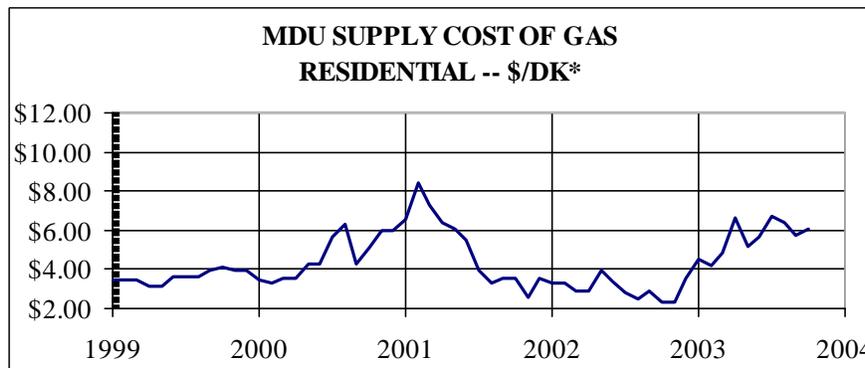
For gas bills issued during October 2003, MDU is increasing its Cost of Gas charge by \$.362 per dekatherm (dk) for residential and firm general service customers. This changes the current Cost of Gas charge from \$5.734 per dk to \$6.096 per dk.

The change in the cost of gas for residential customers results from:

- \$.383 per dk increase in the commodity cost of gas
- \$.021 per dk decrease in pipeline rates

The change in commodity cost for natural gas is attributed to greater demand for natural gas caused by hotter weather in August. Increased air conditioning/cooling loads cause increased demand for electricity from gas-fired power generators. The change in pipeline rates is attributed to a Williston Basin filing with FERC to reflect revisions to a fuel reimbursement percentages for gathering, storage and transportation services.

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



For a residential customer, this cost of gas change will increase the typical October bill (for a customer using 7.5 dk) by \$2.72. There were 83,830 MDU natural gas customers in North Dakota as of July 31, 2003.

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

September 24, 2003

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MDU Resources Group, Inc.
October 2003
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Case No. PU-399-03-522

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for October 2003, Case No. PU-399-03-522.

PJF/sdh