

NORTH DAKOTA PUBLIC SERVICE COMMISSION
December 31, 2003

Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
January 2004
Purchased Gas Adjustment-Natural Gas

PU-399-03-692
Filed 12/11/2003

SUMMARY OF PROPOSAL:

For gas bills issued during January 2004, MDU is increasing its Cost of Gas charge by \$.392 per dekatherm (dk) for residential and firm general service customers. This changes the current Cost of Gas charge from \$5.841 per dk to \$6.233 per dk.

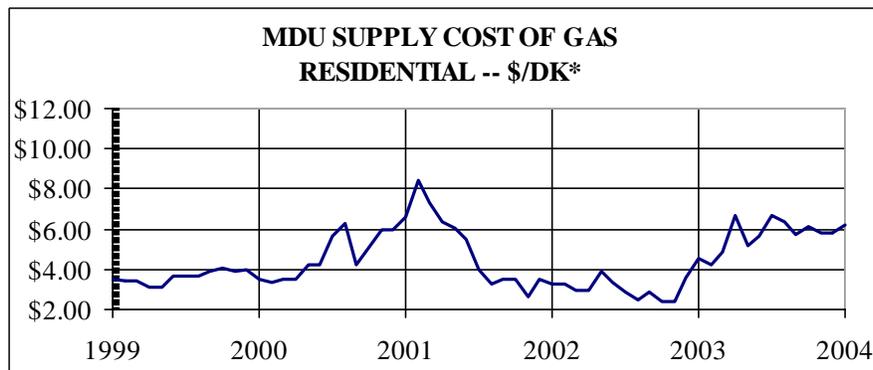
The change in the cost of gas for residential customers results from:

- \$.391 per dk increase in the commodity cost of gas
- \$.001 per dk increase in pipeline rates

The change in commodity cost for natural gas is attributed to the arrival of the heating season, but gas prices are lower than previously projected because of an above-average national storage balance and mild seasonal temperatures, to date.

The change in pipeline rates is attributed to revised rates from Foothills Pipe Lines Ltd.

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 January bill (for a customer using 20.1 dk) by \$7.88. There were 84,744 MDU natural gas customers in North Dakota as of October 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

December 31, 2003

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
January 2004
Purchased Gas Adjustment-Natural Gas**

Case No. PU-399-03-692

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for January 2004, Case No. PU-399-03-692.

PJF/sdh