

NORTH DAKOTA PUBLIC SERVICE COMMISSION
May 26, 2004

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

PU-04-227
Filed 05/12/2004

SUMMARY OF PROPOSAL:

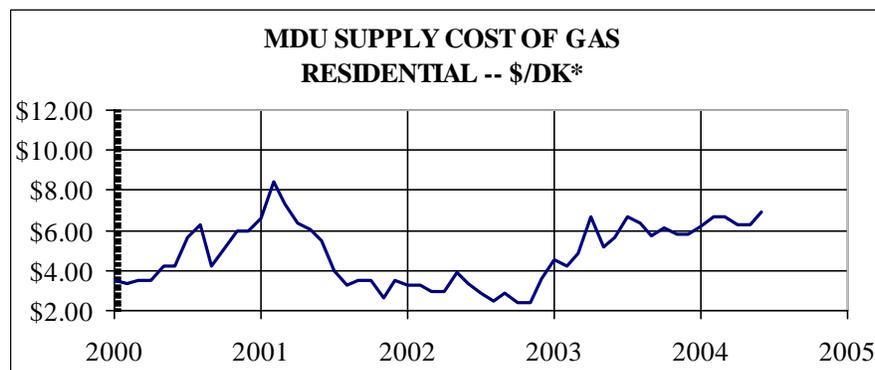
MDU is increasing its Cost of Gas charge by \$.655 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during June 2004. This changes the Cost of Gas charge from \$6.285 per dk to \$6.940 per dk.

The cost of gas change is due to:

- \$.655 per dk increase in the commodity cost of gas.

The change in cost for third party commodity purchases is attributed to the rise in crude oil and petroleum product prices, the uncertainty of sustained natural gas production levels, and the summer demand competition for gas between storage refill and gas fired electric generation.

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 residential consumption of 2.2 dk (representative of June), the cost of gas in the bill will be approximately \$1.44 higher than last month and \$2.89 higher than June 2003. There were 85,372 MDU customers in North Dakota as of March 31, 2004.

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

M O T I O N

May 26, 2004

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MDU Resources Group, Inc.
June 2004
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Case No. PU-04-227

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Cost of Gas Adjustment for June 2004, Case No. PU-04-227.

PJF/sdh