

NORTH DAKOTA PUBLIC SERVICE COMMISSION
December 30, 2004

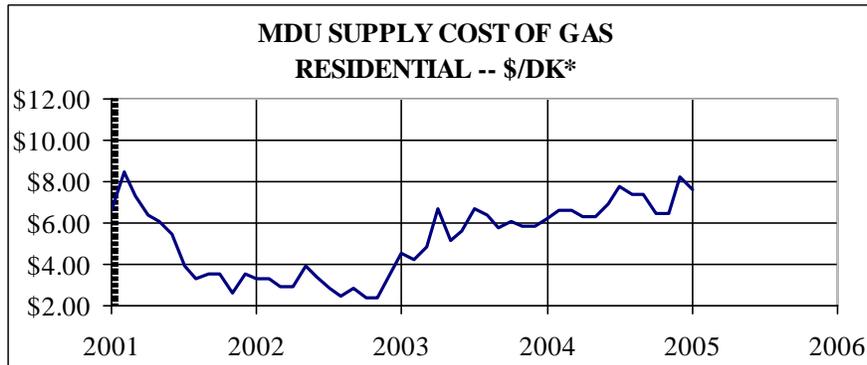
Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
January 2005
Cost of Gas Adjustment-Natural Gas

PU-04-646
Filed 12/13/2004

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by \$0.584 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during January 2005. This changes the Cost of Gas charge from \$8.227 per dk to \$7.643 per dk.

For residential consumption of 20.1 dk (representative of January), the cost of gas in the bill will be approximately \$11.74 lower than last month and \$28.34 higher than January 2004. There were 85,812 MDU customers in North Dakota as of October 31, 2004.



The cost of gas change is due to:

- \$0.584 per dk decrease in the commodity cost of gas.

The change in cost for third party commodity purchases is attributed to mild November weather, restoration of production impairment related to Hurricane Ivan, and higher than normal underground storage gas levels.

For MDU, the Cost of Gas for the month is locked in by contract on the 1st or 2nd business day of the preceding month based on the Rocky Mountain CIG (Colorado Interstate Gas Company) Index.

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 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

December 30, 2004

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
January 2005
Cost of Gas Adjustment-Natural Gas**

Case No. PU-04-646

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Cost of Gas Adjustment for January 2005, Case No. PU-04-646.

PJF/sdh