

NORTH DAKOTA PUBLIC SERVICE COMMISSION
March 23, 2004

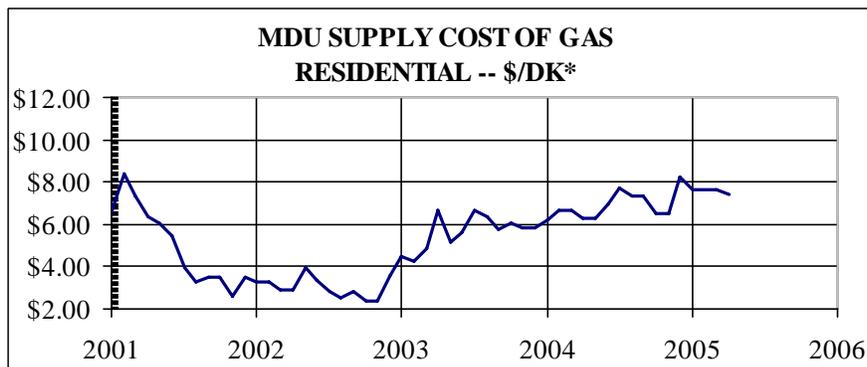
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
April 2005
Cost of Gas Adjustment-Natural Gas**

**PU-04-646
Filed 03/11/2005**

SUMMARY OF PROPOSAL:

MDU is decreasing its Cost of Gas charge by \$0.225 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during April 2005. This changes the Cost of Gas charge from \$7.643 per dk to \$7.418 per dk.

For residential consumption of 7.4 dk (representative of April), the cost of gas in the bill will be approximately \$1.66 lower than last month and \$8.10 higher than April 2004. There were 86,308 MDU customers in North Dakota as of January 31, 2005.



The cost of gas change is due to:

- \$0.079 per dk decrease in the commodity cost of gas.
- \$0.146 per dk decrease in the demand cost of gas.

The change in cost for third party commodity purchases is attributed to mild winter weather, but current prices remain higher than expected despite decreasing demand and very high gas storage levels (30% higher than the 5-year average).

The change in demand cost of gas results from a \$0.039 per dk reduction in firm transportation capacity for the summer months of April through October and a \$0.107 reduction resulting from pipeline rate changes of Foothills Pipe Lines Ltd and Williston Basin Interstate Pipeline Company.

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

March 23, 2005

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

Case No. PU-05-159

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Cost of Gas Adjustment for April 2005, Case No. PU-05-159.

PJF/sdh