

NORTH DAKOTA PUBLIC SERVICE COMMISSION
May 3, 2005

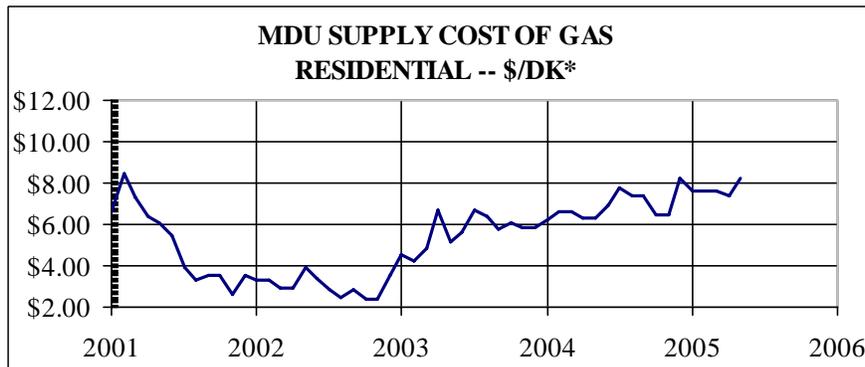
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
May 2005
Cost of Gas Adjustment-Natural Gas**

**PU-05-217
Filed 04/11/2005**

SUMMARY OF PROPOSAL:

MDU is increasing its Cost of Gas charge by \$0.787 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during May 2005. This changes the Cost of Gas charge from \$7.418 per dk to \$8.205 per dk.

For residential consumption of 4.0 dk (representative of May), the cost of gas in the bill will be approximately \$3.15 higher than last month and \$7.68 higher than May 2004. There were 86,345 MDU customers in North Dakota as of February 28, 2005.



The cost of gas change is due to:

- \$0.863 per dk increase in the commodity cost of gas.
- \$0.077 per dk decrease in the over/under recovery surcharge adjustment.

The change in cost for third party commodity purchases is attributed to high crude oil prices combined with cold March weather, a strong economy and limited hydroelectric sources in the northwest.

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

May 3, 2005

**Montana-Dakota Utilities Co., A Division of
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May 2005
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Case No. PU-05-217

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Cost of Gas Adjustment for May 2005, Case No. PU-05-217.

PJF/sdh