

NORTH DAKOTA PUBLIC SERVICE COMMISSION  
May 24, 2005

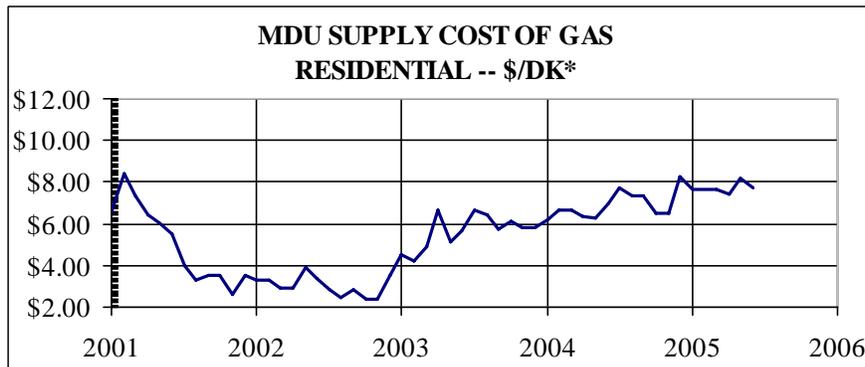
**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
June 2005  
Cost of Gas Adjustment-Natural Gas**

**PU-05-277  
Filed 05/11/2005**

**SUMMARY OF PROPOSAL:**

MDU is decreasing its Cost of Gas charge by \$0.484 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during June 2005. This changes the Cost of Gas charge from \$8.205 per dk to \$7.721 per dk.

For residential consumption of 2.2 dk (representative of June), the cost of gas in the bill will be approximately \$1.06 lower than last month and \$1.72 higher than June 2004. There were 86,414 MDU customers in North Dakota as of March 31, 2005.



The cost of gas change is due to:

- \$0.199 per dk decrease in the commodity cost of gas.
- \$0.285 per dk decrease in the pipeline rates.

The change in cost for third party commodity purchases may be the result of moderating temperatures and storage levels remain adequate, but supply is expected to remain tight and high crude oil prices combined with a strong economy and limited hydroelectric sources in the northwest are reasons for continuing high natural gas prices.

The change in pipeline rates is attributed to filings by Williston Basin Interstate Pipeline Company with FERC that result in a decrease of approximately \$0.283 per dk and filings by Nova Gas Transmission LTD. with the Alberta Energy and Utilities Board that result in a decrease of approximately \$0.002 per dk.

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 24 2005**

**Montana-Dakota Utilities Co., A Division of  
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June 2005  
Cost of Gas Adjustment-Natural Gas**

**Case No. PU-05-277**

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas  
Cost of Gas Adjustment for June 2005, Case No. PU-05-277.

PJF/sdh