

NORTH DAKOTA PUBLIC SERVICE COMMISSION  
June 29, 2005

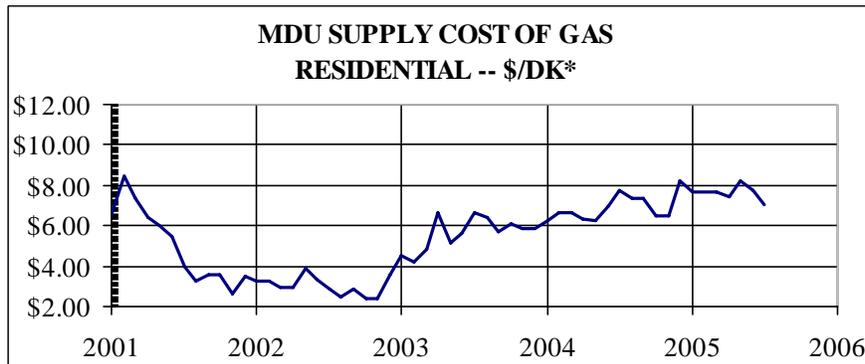
**Montana-Dakota Utilities Co., a Division of  
MDU Resources Group, Inc.  
July 2005  
Cost of Gas Adjustment-Natural Gas**

**PU-05-348  
Filed 06/13/2005**

**SUMMARY OF PROPOSAL:**

MDU is decreasing its Cost of Gas charge by \$0.645 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during July 2005. This changes the Cost of Gas charge from \$7.721 per dk to \$7.076 per dk. MDU also requested a waiver of its Purchased Gas Cost Adjustment Rate 88 in order to file an out-of-cycle adjustment. The waiver would provide a means for MDU to credit the Unrecovered Purchased Gas Cost Account with the refund MDU received from Williston Basin Interstate Pipeline Company. The refund resulted from a final decision by the Federal Energy Regulatory Commission in a Williston Basin rate proceeding, Docket No. RP00-107-005.

For residential consumption of 1.7 dk (representative of July), the cost of gas in the bill will be approximately \$1.10 lower than last month and \$1.12 lower than July 2004. There were 86,256 MDU customers in North Dakota as of April 30, 2005.



The cost of gas change is due to:

- \$0.645 per dk decrease in the commodity cost of gas.
- No change in pipeline rates.

The change in cost for third party commodity purchases may be the result of moderating temperatures and low demand for summer cooling. Although storage levels remain adequate at about 17% higher than the 5-year average, gas 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.

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>.

**MOTION**

**June 29, 2005**

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**Case No. PU-05-348**

I move the Commission approve a reduction to Montana-Dakota Utilities Co.'s Natural Gas Cost of Gas Adjustment of \$0.645 per dekatherm that will apply during July 2005, Case No. PU-05-348.

PJF/sdh