

NORTH DAKOTA PUBLIC SERVICE COMMISSION
July 28, 2005

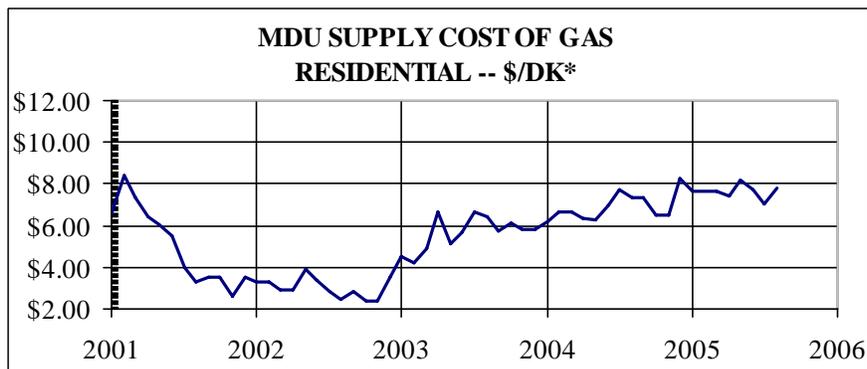
**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
August 2005
Cost of Gas Adjustment-Natural Gas**

**PU-05-440
Filed 07/11/2005**

SUMMARY OF PROPOSAL:

MDU is increasing its Cost of Gas charge by \$0.701 per dekatherm (dk) compared to last month. This Cost of Gas charge will be applied to natural gas bills issued during August 2005. This changes the Cost of Gas charge from \$7.076 per dk to \$7.777 per dk.

For residential consumption of 1.8 dk (representative of August), the cost of gas in the bill will be approximately \$1.26 higher than last month and \$0.73 higher than August 2004. There were 86,172 MDU customers in North Dakota as of May 31, 2005.



The cost of gas change is due to:

- \$0.701 per dk increase 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 higher demand for summer cooling. Although storage levels remain adequate at about 12% 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

July 28, 2005

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

Case No. PU-05-440

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas Cost of Gas Adjustment for August 2005, Case No. PU-05-440, as amended by the refund plan in Case No. PU-04-348.

PJF/sdh