

Montana-Dakota Witness Andrea Stomberg

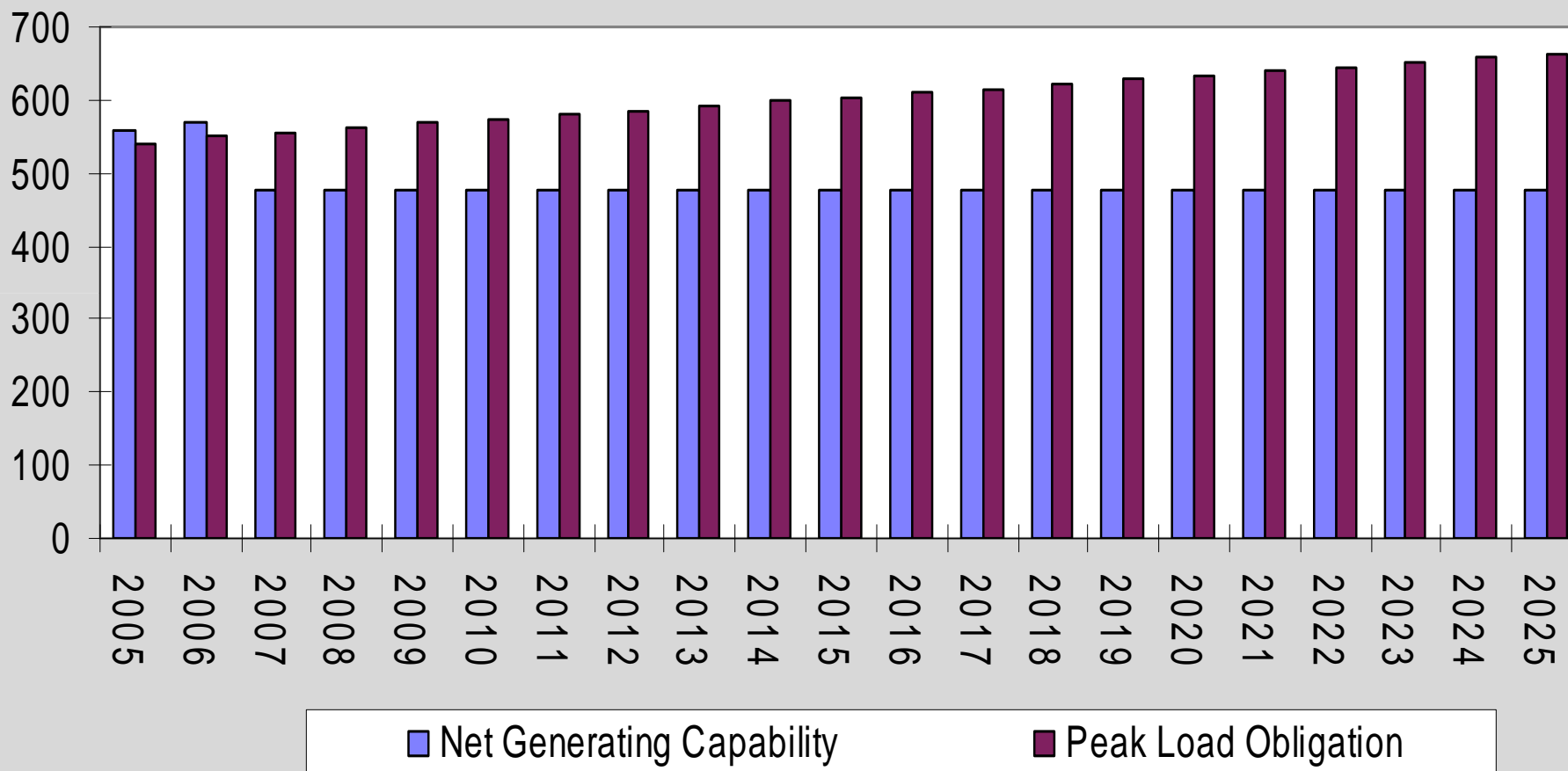
Vice President of Electric Supply
Montana-Dakota Utilities Co.

Summary

Electric Supply

- 366 MW baseload coal
- 110 MW gas or gas/oil peaking
- 20 MW wind (2008 on-line)
- Short term capacity purchases
- Energy purchased/sold in MISO market
- *66 MW baseload contract expired 2006*

Montana-Dakota Utilities Co. Load and Capability Comparison



Supply Options Considered

- Extension of BEPC contract
- Lignite plant at Gascoyne
- Gas turbines
- Participation in Big Stone II
- RFP for supply
- MISO market (energy)

Capacity Expansion Modeling

- 2003 IRP selected gas turbines
 - Not considered optimal
 - Fuel pricing and availability risk
- 2006 Strategist® modeling selected coal baseload
 - Lignite/IGCC/Combined Cycle/Simple Cycle/Renewable/DSM
- Modeling confirms selection of Big Stone II

Big Stone

- Montana-Dakota's integrated resources planning indicates that ownership of 19.33% of the planned Big Stone II plant is a least-cost option.
- Ownership will allow Montana-Dakota to provide reliable, reasonably priced power to our customers for years to come.

Big Stone II – the best choice

- Natural gas pricing/availability uncertain
- RFP responses inadequate
- MISO energy pricing uncertain
- ~30% less costly than Gascoyne plant
- Economy of scale
- Multiple partners
- Associated cost savings at Big Stone I

Big Stone II – the best choice (cont.)

- Super-critical boiler is highly efficient and commercially proven
- Back-end controls yield low emissions