

May 29, 2009

Executive Secretary  
North Dakota Public Service Commission  
State Capitol – 600 East Boulevard  
Bismarck, ND 58505-0480

Re: Request for Approval of a Renewable  
Resource Cost Recovery Rider  
Case No. PU-09-\_\_\_\_\_

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota) herewith submits an original and seven (7) copies of its Request for Approval of a Renewable Resource Cost Recovery Rider mechanism (Renewable Rider).

Montana-Dakota requests Commission approval to implement a Renewable Rider which would allow timely recovery of the revenue requirement associated with renewable projects such as the Recovered Energy Generation (REG) facility located on Northern Border Pipeline Company's compressor station near Glen Ullin in Morton County, North Dakota and a 19.5 MW wind facility to be located approximately five miles west of Rhame, North Dakota, referred to as the Cedar Hills Project. The Renewable Rider will provide for a matching of cost recovery of the generation resources with the energy savings passed through the Fuel Cost Adjustment. The Commission has issued Certificates of Public Convenience and Necessity for the REG and Cedar Hills in Case No. PU-08-358 and Case No. PU-08-942 respectively.

The two generating investments will be considered integrated system resources providing service to the electric customers Montana-Dakota serves in the states of Montana, North Dakota and South Dakota. Montana-Dakota is requesting approval of the mechanism underlying the Renewable Rider with this filing. The applicable cost adjustments under the Renewable Rider will be requested under separate filings upon completion of the projects.

If you have any questions, please contact:

Ms. Tamie Aberle  
Pricing & Tariff Manager  
400 North Fourth Street  
Bismarck, ND 58501  
(701) 222-7856

Also, please send copies of all written inquiries, correspondence and pleadings to:

Daniel S. Kuntz  
Associate General Counsel  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650

Montana-Dakota has previously submitted a check to cover the \$50.00 filing fee required for filings, in accordance with North Dakota Century Code Section 49-05-05.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter, attached hereto, and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Donald R. Ball  
Vice President – Regulatory Affairs

Attachments

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA**

In the Matter of the Application of )  
MONTANA-DAKOTA UTILITIES CO., a )  
Division of MDU Resources Group, Inc. ) Case No. PU-09-\_\_\_\_  
for Approval of a Renewable Resource )  
Cost Recovery Rider )

**REQUEST FOR RENEWABLE RESOURCE  
COST RECOVERY RIDER**

Montana-Dakota Utilities Co. (Montana-Dakota or Applicant), a Division of MDU Resources Group, Inc., the Applicant in the above-entitled proceeding hereby applies to the Commission for approval of a Renewable Resource Cost Recovery Rider (Renewable Rider) be to be applicable to all of its North Dakota electric customers. The purpose of the Renewable Rider is to enable Montana-Dakota to recover the revenue requirements related to the investments in renewable energy facilities concurrently with the fuel savings associated with the facilities that are passed through Montana-Dakota's Fuel Cost Adjustment mechanism.

Montana-Dakota plans to construct, own and operate renewable energy projects which Montana-Dakota will request to recover under the proposed Renewable Rider at a future date. One of those projects, currently under construction and expected to be in-service by September 1, 2009, is the Recovered Energy Generation (REG) facility located on Northern Border Pipeline Company's compressor station near Glen Ullin in Morton County, North Dakota. The REG will capture waste heat from an existing compressor station driven by a natural gas fueled turbine and generate electricity for use by Montana-Dakota's integrated system customers.

Another renewable energy project for which Montana-Dakota expects to request approval for cost recovery of in the future is a 19.5 MW wind facility located near Bowman, North Dakota. The wind facility project is expected to be in commercial operation in 2010.

The Commission has previously issued Certificates of Public Convenience and Necessity to construct both of the above-named facilities

I.

That Applicant's full name and post office address are:

Montana-Dakota Utilities Co.,  
a Division of MDU Resources Group, Inc.,  
400 North Fourth Street  
Bismarck, North Dakota 58501

II.

That Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission, such Certificate and Amendments are hereby incorporated by reference, as though fully set forth herein.

III.

That Applicant is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and that it is doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under Title 49, NDCC, as amended.

#### IV.

Montana-Dakota requests approval of a Renewable Rider which would allow Montana-Dakota to obtain timely and prompt recovery of costs of the construction investment invested in renewable facilities. The Renewable Rider and associated tracker will also allow tax benefits produced by wind generation to be matched with the cost of that generation.

1. Montana-Dakota proposes using a tracking account for each project included in the Renewable Resource Rider. The tracking account will allow for tracking of eligible project costs as allocated to Montana-Dakota's North Dakota electric operations and as authorized by the Commission at the time the projects commence service.

2. At such time Montana-Dakota implements its first tracking adjustment to be applicable under the Renewable Resource Rider; Montana-Dakota proposes to make subsequent annual filings to provide the status of the tracker account and identification of any over- or under-recovery of costs based on actual costs and revenue collected. Additional projects which may be eligible for cost recovery through the Renewable Rider will be filed separately as they occur with an update of the recovery factor as required.

3. Montana-Dakota proposes the Renewable Resource Rider be applied to all North Dakota retail energy sales.

4. The proposed Renewable Rider Tariff is attached as Exhibit A. The tariff will be filed along with the cost recovery component at the time cost recovery for the first project is requested.

5. Montana-Dakota will adjust the Renewable Rider when full recovery for specific projects has occurred or when the specific project costs are otherwise reflected in Montana-Dakota's rates.

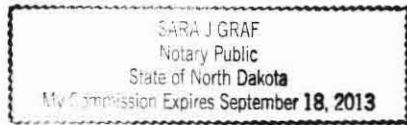
WHEREFORE, Applicant respectfully requests that the Commission:

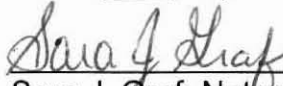
1. Give Notice of Opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, to waive the hearing in accordance with §49-03.1-05, NDCC;
2. Approve Montana-Dakota's request for the proposed Renewable Resource Cost Recovery Rider for North Dakota retail customers.

Dated this 29th day of May, 2009.

  
\_\_\_\_\_  
Donald R. Ball

Subscribed and sworn to before me this 29<sup>th</sup> day of May, 2009.



  
\_\_\_\_\_  
Sara J. Graf, Notary Public  
Burleigh County, North Dakota  
My Commission Expires: 09/18/2013

Of Counsel:

Daniel S. Kuntz  
Associate General Counsel  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650



# Tariff Reflecting Proposed Changes



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.  
400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

NDPSC Volume 4  
Original Sheet No. 39

### RENEWABLE RESOURCE COST RECOVERY RIDER Rate 55

Page 1 of 1

#### **1. Applicability:**

This rate schedule represents a Renewable Resource Cost Recovery Rider (RRC) and specifies the procedure to be utilized to recover the costs associated with Montana-Dakota's investment in renewable resources as authorized by the Commission. This adjustment shall be applicable to all retail customers for electric energy sold.

#### **2. Renewable Resource Cost Recovery Rider:**

- (a) An adjustment per Kwh will be determined based on the investment in renewable generation resources, as allocated to the North Dakota jurisdiction, and the revenue requirement associated with those generating resources as authorized by the Commission.
- (b) The adjustment per Kwh will be revised as required to reflect the addition of new renewable resource investments and reduced as renewable resource investments are subsequently recovered through rates established in a rate case proceeding.
- (c) On \_\_\_\_\_, each year, Montana-Dakota will file an annual filing to true-up the over or under recovery of the RRC.

#### **3. Time and Manner of Filing:**

Montana-Dakota shall file the RRC adjustment at least 30 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised RRC tariff sheet identifying the amounts of the adjustment, the derivation of the adjustment and the resulting RRC rate.

#### **4. Effective Adjustment:**

Effective Date: \_\_\_\_\_ Adjustment per Kwh: \_\_\_\_\_

Date Filed: May 29, 2009

Effective Date:

Issued By: Donald R. Ball  
Vice President -  
Regulatory Affairs

Case No.: PU-09-\_\_\_\_