



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

June 30, 2009

RECEIVED

JUN 30 2009

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

PUBLIC SERVICE COMMISSION

Re: 2008 Annual Renewable Energy Objective

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., hereby submits its report regarding progress toward meeting North Dakota's renewable energy and recycled energy objective as required by NDCC 49-02-34. This report is also submitted in accordance with the Order Paragraph 13 of the Commission's Findings of Fact, Conclusions of Law, and Order issued on August 27, 2008 in Case No. PU-06-481 and Case No. PU-06-482.

Sincerely,

Donald R. Ball
Vice President – Regulatory Affairs

**Montana-Dakota Utilities Co.
Renewable Energy Objective
Annual Report to the North Dakota Public Service Commission
June 30, 2009 Update**

Requirement

NDCC 49-02-34. Commencing on June 30, 2009, retail providers shall report annually on the provider's previous year's energy sales. This report must include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the objective over time and identifies any challenges or barriers encountered in meeting the objective. The last annual report must be made on June 30, 2016. Retail providers shall report to the public service commission, which shall make data and narrative reports publicly available and accessible electronically on the internet. Distribution cooperatives may aggregate their reporting through generation and transmission cooperatives and municipal utilities may aggregate their reporting through a municipal power agency.

Report

Montana-Dakota's electric retail sales in the State of North Dakota for the twelve month period ending December 31, 2008 were 1,553,712 Mwh. The North Dakota retail sales represented 65% of the Company's integrated system retail sales comprised of Montana-Dakota's jurisdictional sales in Montana, North Dakota and South Dakota.

Montana-Dakota completed the construction of a 19.5 MW wind farm near Baker, Montana (Diamond Willow) in February 2008 producing 56,045 MWH of renewable energy in calendar year 2008. Montana-Dakota's electric operations are within the boundaries of the Midwest Reliability Organization and the Diamond Willow wind resource was registered on the Midwest Renewable Energy Tracking System (M-RETS). The Diamond Willow resource has been designated with an identifier of "M-152" in the M-RETS system. The M-RETS Administrator issues one electronic Certificate for each MWH of energy generated by Diamond Willow and a unique serial number is assigned to each Certificate. Montana-Dakota retired 34,718 of the renewable energy credits produced by Diamond Willow on February 24, 2009 to meet its obligations under Montana's Renewable Resource Standards. Montana-Dakota also received an allocation of 412 renewable energy credits based on its ownership interest in the Big Stone generating station for energy produced by biomass fuel in calendar year 2008.

Montana-Dakota is currently constructing a waste heat recovery unit on the Northern Border Pipeline near Glen Ullin, with a nameplate capacity of 7.5 MW with an expected completion date of July 2009. This unit will provide renewable energy qualifying under NDCC 49-02-25 to Montana-Dakota's customers. Plans are also underway to complete construction of the Cedar Hills wind farm in 2010. Cedar Hills is a 19.5 MW wind farm located five miles west of Rhame, North Dakota. Plans are also underway for an additional 10.5 MW of wind at the Diamond Willow site near Baker, Montana in 2010.

Montana-Dakota continues to evaluate wind and other renewable resources available on the system in support of the North Dakota state renewable objective and will incorporate such resources as part of the resource mix when reasonable and economic to do so.