

**MP MONTANA-DAKOTA**  
**UTILITIES CO.**  
*A Division of MDU Resources Group, Inc.*

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

December 4, 2009

Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building  
Bismarck, ND 58505

Re: Application for Authority for  
Deferred Accounting  
Case No. PU-09-\_\_\_

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of an application for authority for deferred accounting for costs related to Montana-Dakota's efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case. This filing is made in accordance with Title 49 of the North Dakota Century Code and the rules and regulations promulgated by the North Dakota Public Service Commission. On December 2, 2009, Montana-Dakota filed an Application for Determination of Prudence which describes the events that led to the determination that it was no longer prudent to continue the development of the Big Stone II Generating Station.

Please refer all inquiries regarding this filing to:

Mr. Donald R. Ball  
Vice President – Regulatory Affairs  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501

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

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

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,

A handwritten signature in black ink that reads "Donald R. Ball". The signature is written in a cursive style with a large, prominent initial "D".

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 Authority for Deferred Accounting )

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APPLICATION FOR AUTHORITY  
FOR DEFERRED ACCOUNTING

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits this Application for authority for deferred accounting for costs related to Montana-Dakota's efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case.

I.

Montana-Dakota, a Division of MDU Resources Group, Inc., is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation. Montana-Dakota is doing business in the State of North Dakota as a public utility.

II.

The Company's Certificate of Incorporation and amendments thereto have previously been filed with the North Dakota Public Service Commission. Such Certificate and Amendments are hereby incorporated by reference.

III.

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

IV.

Montana-Dakota has been in the process of developing new electric generation to meet the needs of its customers for a number of years including the Lignite Vision 21 Project and the Milton R. Young III Project. Most recently, Montana-Dakota actively participated in the planned development of the Big Stone II project as it represented the most viable option for new generation, as deemed prudent by this Commission in Case No. PU-06-482.

V.

On September 11, 2009, Otter Tail Power Company elected to withdraw as an owner and operator of the Big Stone II project. The remaining project participants, including Montana-Dakota, sought but were unable to obtain commitments from new project participants largely because of regulatory, legislative and environmental concerns affecting the project as well the economic downturn.

VI.

On November 2, 2009, Montana-Dakota and the remaining project participants determined it was no longer prudent to continue the development of the Big Stone II project at a size and cost that would be economically efficient.

VII.

To date Montana-Dakota has incurred costs of approximately \$16 million in its efforts to secure needed new electric generation to meet the needs of its customers in the states of North Dakota, Montana and South Dakota. Montana-Dakota believes that such costs were prudently incurred and would have been capitalized as a cost of the Big Stone II Generation Station, or other generation, had it been built.

VIII.

That absent deferred accounting the expenditures associated with the electric generation development activities would be required to be recorded as an expense rather than capitalized as an asset now that the Big Stone II project has been discontinued. Deferred accounting will allow capitalization of the development costs until addressed in the next general electric rate case.

IX.


This Application is submitted in accordance with the provisions of the North Dakota Century Code and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota and the filing guidelines of the Public Service Commission.

X.

Montana-Dakota requests that the Commission issue its order authorizing deferred accounting for Montana-Dakota of the costs related to Montana's efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case.

Dated this 4th day of December, 2009.

MONTANA-DAKOTA UTILITIES CO.  
a Division of MDU Resources Group, Inc.

By:   
Donald R. Ball  
Vice President – Regulatory Affairs

