

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

July 12, 2011

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

**RECEIVED**

JUL 13 2011

**PUBLIC SERVICE COMMISSION**

Re: Case Nos. PU-09-731 and PU-09-733

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of its proposed recovery rate for the Big Stone II generation development costs for the annual period August 2011-July 2012 pursuant to the Commission's Order Adopting Settlement in the above case dated June 25, 2010.

Exhibit A is the calculation of the recovery rate that will be effective for the period August 1, 2011 through July 31, 2012. As shown on Exhibit A, the estimated remaining balance of Big Stone II development costs is \$5,678,146, which amortized over the remaining two years results in an annual amortization of \$2,839,073.

The cost recovery rate for Big Stone II development costs will be \$.00161 per Kwh, or \$1.21 per month for a typical residential customer using 750 Kwh per month, and is proposed to be effective with service rendered August 1, 2011 as part of the fuel and purchased power adjustment. The proposed recovery rate is a decrease of \$0.0004 per Kwh from the currently effective recovery rate.

The bill insert explaining the Big Stone II development cost recovery approved by the commission will be updated to reflect this new recovery amount and inserted in customer bills in August, November, February and May.

Please refer all inquiries regarding this filing to:

Rita A. Mulkern  
Regulatory Affairs Manager  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501

- 55 PU-09-733 Filed 07/13/2011 Pages: 4  
Proposed recovery rate for Big Stone II development costs  
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.  
Rita Mulkern
- 60 PU-09-731 Filed 07/13/2011 Pages: 4  
Proposed recovery rate for Big Stone II development costs  
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.  
Rita Mulkern

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 also herewith submits a check for \$50 pursuant to the requirements of North Dakota Century Code Section 49-05-05.

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,



Rita A. Mulkern  
Regulatory Affairs Manager

Attachment

**MONTANA-DAKOTA UTILITIES CO.  
RECOVERY OF BIG STONE II COSTS  
NORTH DAKOTA ELECTRIC  
AUGUST 2011 - JULY 2012**

Estimated balance @ July 31, 2011 1/	\$5,678,146
Annual amortization 2/	\$2,839,073
North Dakota Kwh Sales 3/	1,761,011,000
Adjustment Per Kwh	\$0.00161
Typical Residential Kwh use	750
Monthly cost	\$1.21
Annual cost	\$14.52

1/ Page 2.

2/ Amortization reflects annual amortization for the second year of the three year amortization period.

3/ Projected kwh sales for the period August 2011 - July 2012.

**MONTANA-DAKOTA UTILITIES CO.  
RECOVERY OF BIG STONE II COSTS  
APPLICABLE TO NORTH DAKOTA**

	<u>Kwh Sales</u>	<u>Recovery Per Kwh</u>	<u>Total Recovered Amount</u>	<u>Adjustments</u> 1/	<u>Cumulative Balance</u> 2/
<b>Balance @ July 31, 2010</b>					<b>\$9,610,875</b>
August	149,506,296	0.00201	\$300,508		9,310,367
September	131,194,123	0.00201	263,700		9,046,667
October	115,323,296	0.00201	231,800	(\$451,085)	8,363,782
November	118,293,860	0.00201	237,771		8,126,011
December	158,024,129	0.00201	317,628	(48,334)	7,760,049
January 2011	174,399,541	0.00201	350,543		7,409,506
February	152,258,182	0.00201	306,039		7,103,467
March	167,183,285	0.00201	336,038		6,767,429
April	136,705,526	0.00201	274,778		6,492,651
May	119,819,647	0.00201	240,837		6,251,814
June	125,639,013	0.00201	252,534	5,694	6,004,974
July - estimate	162,601,000	0.00201	326,828		5,678,146
	<u>1,710,947,898</u>		<u>\$3,439,004</u>	<u>(\$493,725)</u>	
<b>Estimated balance @ July 31, 2011</b>					<b><u>\$5,678,146</u></b>

1/ Adjustments include additional credits for the sale of land and trust fund withdrawals and an invoice received after the trust fund was closed.

	<u>Total</u>	
2/ Big Stone II expenditures @ 7/31/2010	\$10,902,736	3/
AFUDC	2,002,189	
Total	\$12,904,925	
Carrying Charges	953,266	
Total to Recover as of July 31, 2010	\$13,858,191	

North Dakota share as of July 31, 2010 \$9,610,875 4/

3/ Includes amounts submitted to the Big Stone II Trust and internal expenditures.

4/ Allocated to North Dakota on the twelve monthly system peak demand.