


# Memorandum

**To:** Darrell Nitschke  
**CC:** Rita Mulkern  
**From:** Mike Diller   
**Date:** October 5, 2011  
**Re:** Big Stone 2 Development Cost Recovery Rate (Year 2)  
Case Nos. PU-09-731 & PU-09-733

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On July 12, 2011 MDU filed a proposed recovery rate for Big Stone 2 development costs for year two of its three year cost recovery approved by the commission. The first year recovery rate of .201 cents per kWh has been replaced by a charge of .161 cents per kWh or approximately \$1.21 per month for a typical residential customer effective with service rendered August 1, 2011.

As you may recall, the commission's order does not allow for carrying costs during the recovery period. The reduction in the rate has occurred primarily because sales levels exceeded expectations during the first year resulting in excess recoveries. The new rate includes a 2.92% increase in expected sales volumes and adjusts for first year over-recoveries.

I have reviewed the filing noting no exceptions. I will put the matter on consent for approval on the October 12 agenda.