



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 12, 2012

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

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 2012-July 2013 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, 2012 through July 31, 2013. As shown on Exhibit A, the estimated remaining balance of Big Stone II development costs is \$2,892,343, which represents the final year of the three year amortization.

The cost recovery rate for Big Stone II development costs will be \$0.00154 per Kwh, or \$1.16 per month for a typical residential customer using 750 Kwh per month, and is proposed to be effective with service rendered August 1, 2012 as part of the fuel and purchased power adjustment. The proposed recovery rate is a decrease of \$0.00007 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

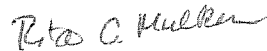
- 58 PU-09-733 Filed 07/12/2012 Pages: 4
Proposed recovery rate for Big Stone II development costs - final year of 3 year amortization
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Rita Mulkern
- 64 PU-09-731 Filed 07/12/2012 Pages: 4
Proposed recovery rate for Big Stone II development costs - final year of 3 year amortization
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

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 2012 - JULY 2013**

Estimated balance @ July 31, 2012 1/	\$2,892,343
Annual amortization 2/	\$2,892,343
North Dakota Kwh Sales 3/	1,875,307,000
Adjustment Per Kwh	\$0.00154
Typical Residential Kwh use	750
Monthly cost	\$1.16
Annual cost	\$13.92

1/ Page 2.

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

3/ Projected kwh sales for the period August 2012- July 2013.

**MONTANA-DAKOTA UTILITIES CO.
RECOVERY OF BIG STONE II COSTS
APPLICABLE TO NORTH DAKOTA
JUNE 2011-ESTIMATED JULY 2012**

	Kwh Sales	Recovery Per Kwh	Total Recovered Amount	Adjustments 1/	Cumulative Balance
Balance @ June 30, 2011					<u>\$6,004,974</u>
July	130,032,105	\$0.00201	\$261,365		5,743,609
August	164,902,687	2/	296,948		5,446,661
September	138,417,299	0.00161	222,852		5,223,809
October	124,381,207	0.00161	200,254		5,023,555
November	124,859,970	0.00161	201,025		4,822,530
December	159,526,838	0.00161	256,838	\$1,238	4,566,930
January 2012	168,597,440	0.00161	271,442		4,295,488
February	154,381,860	0.00161	248,555		4,046,933
March	159,553,951	0.00161	256,882		3,790,051
April	126,382,146	0.00161	203,475		3,586,576
May	128,202,498	0.00161	206,406		3,380,170
June	131,560,985	0.00161	211,813		3,168,357
July-estimate	171,437,000	0.00161	276,014		2,892,343
	<u>1,882,235,986</u>		<u>\$3,113,869</u>	<u>\$1,238</u>	
Estimated balance @ July 31, 2012					<u><u>\$2,892,343</u></u>

1/ Adjustments include audit cost for Big Stone II.

2/ New amortization rates effective with service rendered August 1, 2011

Reflects 78,636,840 Kwh @ \$0.00201 and 86,265,847 Kwh @ \$0.00161