

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

Before the Public Service Commission of North Dakota

Case No. PU-10-124

Rebuttal Testimony
of
Darcy J. Neigum

1 Q. **Please state your name and business address.**

2 A. My name is Darcy J. Neigum and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 Q. **What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the System Operations and Planning Manager of Montana-
6 Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources
7 Group, Inc.

8 Q. **Are you the same Darcy J. Neigum that submitted Direct Testimony
9 in this proceeding?**

10 A. Yes, I am.

11 Q. **What is the purpose of this rebuttal testimony?**

12 A. The purposes of my rebuttal testimony is to discuss the background
13 and process that Montana-Dakota went through in its decision to invest in
14 wind generation.

15 Q. **Describe the background and process that Montana-Dakota went
16 through in its decision to pursue the construction and ownership of
17 the Diamond Willow I wind project?**

1 A. In September 2006, Montana-Dakota issued a request for proposal
2 (RFP) of renewable energy resources up to 33 MW in size either through
3 long-term power purchase agreement(s), a design-build-future transfer
4 arrangement, or Montana-Dakota ownership upon full development. The
5 purpose of this RFP was to provide additional electric generation
6 resources for Montana-Dakota's integrated system customers in North
7 Dakota, South Dakota, and Montana that would also qualify to meet the
8 Montana Renewable Power Production and Rural Economic Development
9 Act (MT RPS).

10 **Q. What response did Montana-Dakota receive from its RFP?**

11 A. Montana-Dakota received a total of six responses to the RFP. Two
12 responses were for projects on the western electric grid in Montana and
13 therefore not deliverable to Montana-Dakota's integrated system. Three
14 proposals, including Diamond Willow, were on the eastern grid in
15 Montana. The final proposal was located in southeast North Dakota.

16 The results of the RFP process concluded that the Diamond Willow
17 I wind project was both the least cost and best alternative presented.

18 **Q. Did Montana-Dakota require that in order for projects to be
19 considered in the 2006 RFP the resources must be located in
20 Montana?**

21 A. No. The RFP requested MISO deliverability at a location within
22 Montana-Dakota's integrated electric service territory.

23 **Q. What was Montana-Dakota's need for electric generation resources
24 on its integrated system at that time?**

1 A. With the expiration of the AVS II Power Purchase Agreement in
2 2006, Montana-Dakota was deficit in both capacity and energy needed to
3 serve its integrated customer load. In 2007, Montana-Dakota was
4 forecasting a capacity deficit of 85 MW which was increasing at 5 MW per
5 year. In addition at that time, Montana-Dakota also purchased 307,914
6 MWh or 12 percent of its customers' electric needs from the Midwest ISO
7 energy market.

8 **Q. What portion of that need would be met by Diamond Willow I?**

9 A. Diamond Willow I was forecasted to supply 4 MW of capacity and
10 66,619 MWh or 2.5 percent of the annual energy supply requirements for
11 Montana-Dakota's integrated customers.

12 **Q. What was the estimated completed cost of Diamond Willow I at that
13 time?**

14 A. Diamond Willow I was estimated to cost \$36.6 million with a 20
15 year levelized cost of \$55 per MWh.

16 **Q. How did that compare with the cost of other available renewable and
17 non-renewable resources?**

18 A. Other renewable alternatives ranged from \$45.52 to \$60.45 per
19 MWh. These projects offered as part of the MT RFP were either
20 connected to the western electric grid, connected to the WAPA
21 transmission system, offered as part of a larger project to be built to serve
22 other customers as well as Montana-Dakota, or included price escalators
23 which would have made them more expensive than Diamond Willow I over
24 the life of their power purchase agreements.

1 Q. **When did Montana-Dakota decide to pursue the Diamond Willow I**
2 **project?**

3 A. Montana-Dakota made the decision to pursue the purchase and
4 self-build of Diamond Willow I in February of 2007.

5 Q. **What was the status of the North Dakota and South Dakota**
6 **renewable energy objectives at that time?**

7 A. The North Dakota renewable objective was being considered and
8 was consequently passed during the 2007 legislative session while the
9 South Dakota renewable objective was passed during the 2008 legislative
10 session.

11 Q. **What made the Diamond Willow I the best response alternative for**
12 **Montana-Dakota?**

13 A. There were a number of features that drew attention to the
14 Diamond Willow I proposal.

- 15 • The developer for the Diamond Willow I project had two years of
16 meteorological data for the proposed site which showed it was an
17 excellent wind resource location.
- 18 • The proposed site was located near a Montana-Dakota 57 kV
19 transmission line southeast of Baker, MT.
- 20 • The developer had secured options for the needed wind leases.
- 21 • The proposed site location had room for future expansion.

22 Q. **What role did Montana-Dakota take in the development of Diamond**
23 **Willow I?**

1 A. The Diamond Willow proposal contained an option to allow
2 Montana-Dakota to purchase the development rights and self-build the
3 project. Montana-Dakota purchased the development rights for the project
4 which contained a proposed site large enough for 30 MW's of wind
5 turbines, options to wind leases, and two years of on-site meteorological
6 data.

7 In the development of the Diamond Willow I project, Montana-
8 Dakota completed the negotiations of the wind leases, purchased the wind
9 turbines, submitted the transmission interconnection request, negotiated a
10 general construction contract for the construction of the wind turbines, built
11 the substation and interconnect facilities, and provided the overall
12 management and administration for the project.

13 Wind turbine equipment was scarce in 2007, but Montana-Dakota
14 was able to negotiate with General Electric to purchase 19.5 MW's of
15 available wind turbines in March of 2007.

16 **Q. When did the Diamond Willow I project come on-line?**

17 A. The Diamond Willow I project was placed into commercial
18 operation in February of 2008.

19 **Q. Has it been used to supply electricity for Montana-Dakota's**
20 **integrated electric system since that time?**

21 A. Yes, the capacity and energy from Diamond Willow has been used
22 to supply the electric needs of all Montana-Dakota's integrated system
23 customers.

1 Q. **How has the Diamond Willow facility been used to provide electric**
2 **energy and capacity for Montana-Dakota's integrated electric**
3 **system?**

4 A. Montana-Dakota offers all of its generation, including wind, into the
5 Midwest ISO Energy Market. Montana-Dakota than buys all of its
6 customers' electric supply needs from the Midwest ISO Energy Market. If
7 Montana-Dakota is a net seller of energy into the Midwest ISO Energy
8 Market than it creates wholesale sales for the excess generation supplied.
9 If Montana-Dakota is a net purchaser of energy from the Midwest ISO
10 Energy Market than it buys MWh's, equal to the amount it did not self-
11 supply, to satisfy its integrated system customer needs. Because wind
12 generation has a zero dollar marginal cost it is always used to serve
13 integrated customer load before thermal generators and system
14 purchases. All of Montana-Dakota's integrated customers receive the
15 benefit of the zero dollar marginal cost of wind generation.

16 Q. **Have all of Montana-Dakota's integrated system electric customers**
17 **received the benefit of the electric energy and capacity provided by**
18 **Diamond Willow I?**

19 A. Yes. Montana-Dakota's integrated system customers have all
20 benefited from Diamond Willow I. The capacity from Diamond Willow has
21 been used to meet the peak load reserve obligations for all Montana-
22 Dakota system integrated customers since 2008. The wind generation
23 from Diamond Willow I has a zero dollar marginal cost of generation which
24 has reduced the fuel consumed or system purchases that would otherwise

1 have been needed to serve the Company's integrated system customer
2 load.

3 **Q. How has Diamond Willow's actual performance compared to**
4 **Montana-Dakota's projected performance?**

5 A. The annual capacity from Diamond Willow I since it was placed in
6 commercial service has been 39 percent; or the same as forecasted using
7 the available site meteorological data.

8 **Q. Has Montana-Dakota received any additional benefits from its**
9 **ownership and operation of Diamond Willow I beyond its capacity**
10 **and energy supply?**

11 A. Yes. Diamond Willow I provides all integrated customers with
12 protection from future price volatility associated with fossil fuel generation,
13 especially natural gas, and it reduces the dependency on MISO energy
14 market purchases. In 2007, Montana-Dakota's average price for MISO
15 energy purchases to serve its integrated customer load was \$50 per MWh.
16 This amount increased to \$55 per MWh for all purchases in 2008 as
17 compared to the 20 year levelized cost of \$57 per MWh for Diamond
18 Willow I. The ownership of Diamond Willow I also allowed for the creation
19 of opportunities through synergies, to develop additional cost effective
20 wind projects in the vicinity of the Diamond Willow site.

21 **Q. Describe the background and process that Montana-Dakota went**
22 **through in decision to pursue the development of the Diamond**
23 **Willow II and Cedar Hills?**

1 A. Many factors go into the consideration and timing for generation
2 addition projects including the need for a new resource, public policy
3 objectives, resource planning activities, equipment availability, equipment
4 pricing, available incentives, alternative opportunities, site availability,
5 need for transmission upgrades, fuel pricing forecasts, and others.

6 The MT RPS and North Dakota and South Dakota renewable
7 objectives would have Montana-Dakota acquire a total of 80 MW of wind
8 generation, based on 2008 annual customer sales, through either
9 ownership or contract agreements by 2015 to serve the needs of its
10 integrated system customers.

11 The production tax credit (PTC's) incentive for new wind generation
12 projects was set to expire on December 31, 2008. PTC's for wind in 2008
13 provided a \$20 per MWh production tax credit. On a pre-tax basis the
14 PTC is worth \$33 per MWh. Without PTC's the cost of wind generation is
15 significantly more expensive than other alternative sources of electric
16 generation. The expiration of the PTC in prior years saw a halt in the wind
17 development in this country. Historically when the PTC's were extended
18 the price of turbine equipment increased overnight due to increased
19 demand.

20 Both presidential candidates in 2008 promoted alternative sources
21 of generation in this country and advocated either a national renewable
22 portfolio standard or a national carbon tax to incentivize the development
23 of renewable sources of generation.

1 In the beginning of 2008, turbine equipment was scarce and wind
2 developers were betting that Congress would extend the PTC at least one
3 more time through the end of 2010. With this in mind, turbine equipment
4 was reported to be sold out through the end of 2010.

5 In 2007, the price of Montana-Dakota's average Midwest ISO
6 energy purchases was approximately \$50 per MWh. In 2008, prices had
7 increased to \$55 per MWh which was comparable with the energy price
8 for new wind generation projects.

9 Montana-Dakota was capacity deficit and was in need of future
10 capacity resources. In 2008, the Midwest ISO was assigning 20 percent
11 capacity accreditation for wind generation projects.

12 Montana-Dakota's experience with Diamond Willow demonstrated
13 that small wind projects could be cost effective if transmission costs and
14 project overhead and development fees could be held to a minimum.
15 The original interconnection request for the Diamond Willow project was
16 for 30 MW. The Midwest ISO's generator interconnection process allowed
17 the first generator in the queue to utilize available transmission capacity.
18 Subsequent generators would be responsible for network upgrades if
19 available transmission capacity was not available. Montana-Dakota had
20 over 2,700 MW's of interconnection requests on its system with over 300
21 MW's in the vicinity of Baker, MT. If Montana-Dakota would not have built
22 the Diamond Willow II or Cedar Hills projects there was a potential that
23 another wind developer could have built a project in the vicinity of Baker
24 and been able to utilize the available transmission. This transmission was

1 built for and paid for by Montana-Dakota customers and could have been
2 used to serve someone else's load without having to provide
3 compensation to Montana-Dakota or its customers.

4 Therefore, Montana-Dakota looked for additional wind generation
5 sites in the vicinity of Diamond Willow as development of a new wind
6 project site near Diamond Willow would allow synergies with existing
7 operational personnel and further utilize the strong wind resource which
8 the Diamond Willow I project had demonstrated.

9 Montana-Dakota was able to find a suitable site west of Rhame,
10 ND. It was close to two Montana-Dakota transmission lines and it was
11 within 25 miles of the Diamond Willow site. Montana-Dakota secured wind
12 options for two sections of land.

13 Montana-Dakota's modeling efforts regarding the Big Stone II
14 certificate of need process in Minnesota and prudence determination in
15 North Dakota showed that a wind and gas combination could be
16 comparable with a base load coal-fired generating unit on a least cost
17 basis as seen in Montana-Dakota's 2009 Integrated Resource Plan.

18 During mid 2008, another turbine purchase opportunity developed
19 with General Electric.

20 Montana-Dakota issued a request for proposals (2008 RFP) the
21 end of 2008 for capacity and energy resources to supply Montana-
22 Dakota's customers at the end of the NSP capacity and energy purchase
23 agreement after 2011. The 2008 RFP produced only one wind generation
24 proposal at \$54 per MWh in Year 1 and \$65 MWh in Year 2, escalated by

1 2 percent per year thereafter. The forecasted 20 year levelized costs of
2 Diamond Willow II at \$57 per MWh and Cedar Hills at \$55 per MWh were
3 cheaper than the bid from the 2008 RFP and were comparable with the
4 Diamond Willow I project.

5 **Q. What filings did Montana-Dakota make with the North Dakota Public**
6 **Service Commission which included the development of Diamond**
7 **Willow I, Diamond Willow II, and Cedar Hills projects?**

8 A. The 2007 Integrated Resource Plan (IRP) included the Diamond
9 Willow I project. The 2009 IRP included the Diamond Willow II and Cedar
10 Hills projects. Montana-Dakota also filed for and received a certificate of
11 public convenience and necessity for the Cedar Hills project.

12 **Q. What information was included in the application for a Certificate of**
13 **Public Convenience and Necessity (CPCN) application for the Cedar**
14 **Hills project?**

15 A. A copy of the Company's Application for a Certificate of Public
16 Convenience and Necessity for a 19.5 MW Wind Project located in North
17 Dakota is included as Exhibit No. ___(DJN-1). The application includes
18 information regarding the size of the project of 19.5 MW as well as the
19 estimated levelized cost and assumed capacity factors for the project.

20 **Q. Was a CPCN issued for the Cedar Hills project?**

21 A. Yes. A copy of the Commission's Order Granting Certificate dated
22 March 25, 2009 and the accompanying Certificate of Public Convenience
23 and Necessity is included as Exhibit No. ___(DJN-2).

24 **Q. Did Montana-Dakota seek a CPCN for the Diamond Willow II project?**

1 A. No. It is my understanding the requirement for a CPCN applies to
2 projects built within the State of North Dakota.

3 **Q. Would the information contained in the application regarding the**
4 **estimated levelized cost and assumed capacity factors for the Cedar**
5 **Hills project been equally applicable to the Diamond Willow II**
6 **project?**

7 A. Yes, both projects were assumed to have similar capacity factors
8 based on the meteorological data and operating history at Diamond Willow
9 I. The forecasted 20 year levelized cost of Diamond Willow II was \$57 per
10 MWh and for Cedar Hills was \$55 per MWh.

11 **Q. When did the Diamond Willow II and Cedar Hills projects come on-**
12 **line?**

13 A. The Diamond Willow II and Cedar Hills projects came on-line in
14 June of 2010.

15 **Q. Have both projects been used to supply electricity for Montana-**
16 **Dakota's integrated electric system since that time?**

17 A. Yes. Both projects have been used to supply the electric needs for
18 Montana-Dakota's integrated system customers since they were placed in
19 commercial operation. The energy and capacity from Diamond Willow II
20 and Cedar Hills have been used in the same manner as the Diamond
21 Willow I project.

22 **Q. Have all of Montana-Dakota's integrated system customers received**
23 **the benefit of the electric energy and capacity provided by Diamond**
24 **Willow II and Cedar Hills?**

1 A. Yes. The energy and capacity from Diamond Willow II and Cedar Hills
2 have been used to supply all of Montana-Dakota's interconnected
3 customers and all of Montana-Dakota's interconnected system customers
4 have received the same benefit from the capacity and energy from the
5 Diamond Willow II and Cedar Hills projects.

6 **Q. How did Diamond Willow II's and Cedar Hills' completed costs**
7 **compare to Montana-Dakota's estimated costs as contained in**
8 **Montana-Dakota's CPCN application for Cedar Hills?**

9 A. The certificate of public convenience and necessity forecasted an
10 installed cost of Cedar Hills at \$45 million. The actual cost of Cedar Hills
11 was \$47 million.

12 The initial forecasted cost of Diamond Willow II was \$24 million as
13 compared to an actual installed cost of \$25 million.

14 **Q. How has Diamond Willow II's and Cedar Hills; actual performance**
15 **compared to Montana-Dakota's projected performance?**

16 A. The Diamond Willow II and Cedar Hills projects have only been in
17 service for four months. During that time they have performed very similar
18 to the Diamond Willow I project. This is a good indication that the projects
19 will have annual capacity factors similar to Montana-Dakota's experience
20 with Diamond Willow I.

21 **Q. Has Montana-Dakota received any benefits from its ownership and**
22 **operation of Diamond Willow II and Cedar Hills that were not**
23 **included in its initial analysis or its CPCN application?**

1 A. Yes. Both Cedar Hills and Diamond Willow II provide all integrated
2 customers with protection from future price volatility associated with fossil
3 fuel generation, especially natural gas. Cedar Hills and Diamond Willow II
4 reduces the dependency on Midwest ISO energy market purchases to
5 serve Montana-Dakota interconnected customer load as previously noted.
6 In 2007, Montana-Dakota's average price for Midwest ISO energy
7 purchases to serve its integrated customer load was \$50 per MWh. This
8 amount increased to \$55 per MWh for all purchases in 2008. The
9 construction of Cedar Hills and Diamond Willow II allowed Montana-
10 Dakota to qualify for the federal tax incentives available for wind
11 generation. The current federal tax incentive for wind is set to expire at
12 the end of 2012. These federal incentives may not be available at some
13 point in the future which will significantly increase the cost of wind without
14 incentives. If a national renewable portfolio standard is adopted or
15 Montana, North Dakota or South Dakota further revises its renewable
16 policy, than Montana-Dakota will be better positioned to meet the electric
17 supply needs of its customers based on its diversified generation portfolio
18 which includes 49.5 MW of wind and 5.3 MW of heat recovery generation.

19 **Q. If the wind projects would be removed from the generation mix in**
20 **servicing Montana-Dakota's electric customers, how would Montana-**
21 **Dakota meet the energy and capacity requirements of those**
22 **customers?**

23 A. Over the short term, Montana-Dakota would purchase additional
24 generation from the Midwest ISO energy market. Long-term, Montana-

1 Dakota would look to utilize other available generation facilities including
2 higher cost natural gas units and wind generating units.

3 **Q. What risks would removal of the wind generation and reliance on**
4 **other sources of energy and capacity pose to Montana-Dakota's**
5 **customers?**

6 A. Diamond Willow and Cedar Hills provide a cost effective renewable
7 source of generation to service Montana-Dakota's integrated system.
8 Without these resources, Montana-Dakota's North Dakota customers are
9 at risk in meeting future national or North Dakota renewal mandates with
10 more expensive future renewable resources.

11 Without Diamond Willow or Cedar Hills, Montana-Dakota's North
12 Dakota customers are also more reliant on commodity prices like natural
13 gas and future energy market prices.

14 Also, without a balanced generation portfolio, more generation is
15 subjected to future environmental compliance costs for fossil based fuels.

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes, it does.

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

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

December 17, 2008

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

Re: Case No. PU-08-942
Application for a Certificate of Public
Convenience & Necessity for a 19.5 MW
Wind Project located in North Dakota

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith files an original and seven (7) copies of an Application for a Certificate of Public Convenience and Necessity to construct, own and operate a 19.5 MW Wind facility to be located near Rhame, North Dakota. The Wind facility is expected to be in commercial operation by October 2009.

Please refer all inquiries regarding this filing to:

Tamie A. Aberle
Pricing & Tariff Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

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 has previously submitted a check to cover the \$50.00 filing fee required for filings, in accordance with North Dakota Century Code Section 49-05-05.

 MONTANA-DAKOTA UTILITIES CO.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

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,



Tamie A. Aberle
Pricing & Tariff Manager

Attachments
cc: Daniel S. Kuntz

**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.)
for a Certificate of Public Convenience) Case No. PU-08-_____
and Necessity for a 19.5 MW Wind)
Project located near Rhame, North)
Dakota)

**APPLICATION FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY**

COMES NOW, Montana-Dakota Utilities Co. (Montana-Dakota or Applicant), a Division of MDU Resources Group, Inc., the Applicant in the above-entitled proceeding, and makes application pursuant to Chapter 49-03.1, NDCC, for a Certificate of Public Convenience and Necessity to own and operate a 19.5 MW Wind Project facility, to be located approximately five miles west of Rhame, North Dakota.

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

II.

That Applicant is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and that it is doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under Title 49, NDCC, as amended.

III.

That Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission under Case No. PU-08-710 and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein.

IV.

That this Application is being made pursuant to the provisions of Chapter 49-03.1 of the North Dakota Century Code, and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota.

V.

That Applicant seeks authorization to own and operate a 19.5 MW wind project and associated facilities necessary to interconnect with Montana-Dakota's existing electric system. Montana-Dakota is not extending service to any new retail customers as a part of this project. Montana-Dakota's transmission facilities in the area of the new wind generators are sufficient for interconnecting the wind units and will not require incremental investment to upgrade the 57 KV transmission facilities. A 57/34.5 KV step up substation will be constructed to interconnect with the existing transmission facilities. Attached as Exhibit A is a map depicting the location of the wind turbines and the substation.

VI.

That the project referred to as the Cedar Hills project will consist of thirteen 1.5 MW General Electric turbines. The project site is comprised of approximately 640 acres located within Sections 23 and 24, Township 132N, Range 105W in Bowman County. The required easements have been obtained and the Bowman County Commission has been apprised of the project. Montana-Dakota has utilized the wind data used in developing the Diamond Willow project to estimate the wind resource at the Cedar Hills project due to the close proximity of the two projects. Montana-Dakota has commissioned Western Plains Consulting Inc. to conduct a fall and spring avian survey.

The fall survey was completed in November of 2008. Montana-Dakota is awaiting the final report but preliminary results of the fall survey have shown that the proposed project area poses no threat to endangered species. The spring survey is to be conducted during the spring migration.

VII.

That this renewable resource is a cost effective addition to Montana-Dakota's portfolio of resources necessary to provide reliable and economic energy to its customers. The estimated levelized cost per Mwh is expected to be \$54.50 based on an assumed capacity factor of 40 percent and a revenue requirement based on an investment of approximately \$45 million, plus associated operating expenses, depreciation and taxes offset by a production tax credit of \$.02 per Kwh for the first 10 years. The capacity factor and operating expenses were estimated based on Montana-Dakota's experience at its Diamond Willow wind facility that has been fully on-line since February 2008, located approximately 20 miles west of this new wind facility.

VIII.

That there is a rebuttal presumption this renewable energy facility which is to be located in the state of North Dakota is deemed prudent pursuant to 49-05-16.

IX.

That no other public utility will be affected by the ownership and operation of the proposed facility and associated interconnection facilities.

X.

That Applicant is fit, willing and able to own and operate the proposed facilities.

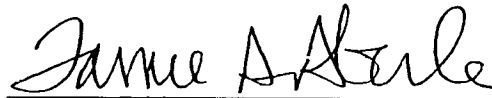
XI.

That Applicant believes it is in the public interest that Applicant be granted a Certificate of Public Convenience and Necessity for the authority it requests herein.

WHEREFORE, Applicant respectfully requests that the Commission:

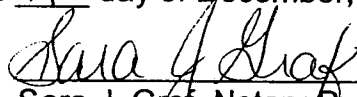
1. Give Notice of Opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, to waive the hearing in accordance with §49-03.1-05, NDCC;
2. Enter an Order and issue a Certificate of Public Convenience and Necessity authorizing the Applicant to construct, own and operate a 19.5 MW wind power facility in southwestern North Dakota.
3. Grant such other relief as the Commission shall deem appropriate.

Dated this 17th day of December, 2008.



Tamie A. Aberle

Subscribed and sworn to before me this 17th day of December, 2008.



Sara J. Graf, Notary Public
Burleigh County, North Dakota
My Commission Expires: 09/18/2013



Of Counsel:

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

CEDAR HILLS WIND PROJECT
TURBINE LAYOUT

Bowman County ND T132N R105W Sections 23 and 24

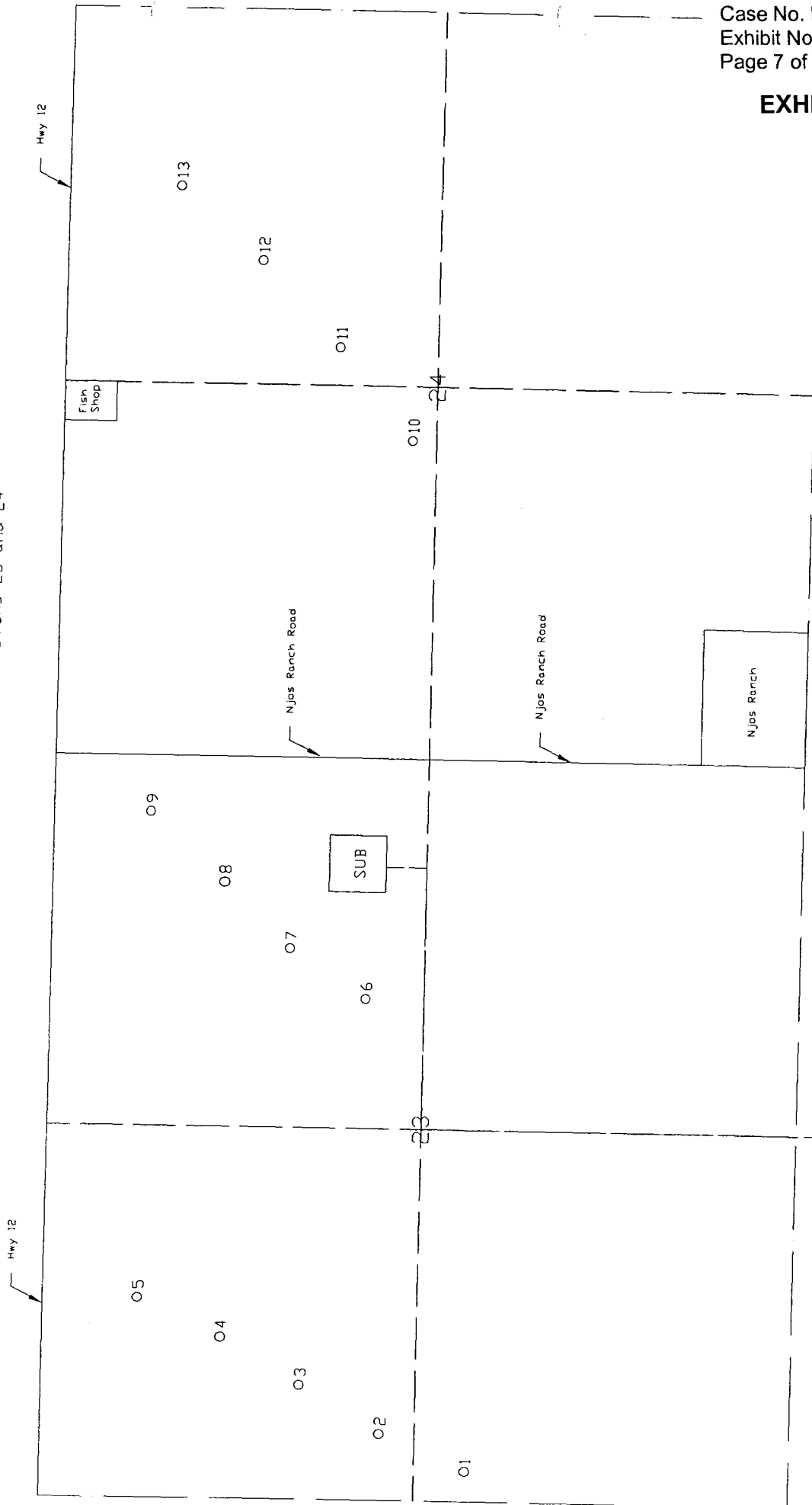


EXHIBIT A

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
19.5 MW Wind Facility – Rhame, ND
Public Convenience & Necessity**

Case No. PU-08-942

ORDER GRANTING CERTIFICATE

March 25, 2009

On December 18, 2008, Montana-Dakota Utilities Co. (MDU) filed an application for a Certificate of Public Convenience and Necessity to construct, own, and operate a 19.5 MW wind energy facility. The proposed project, referred to as the Cedar Hills project, consists of thirteen 1.5 MW GE turbines and associated facilities to be located on 640 acres in Sections 23 & 24, Township 132 N, Range 105 W, approximately five miles west of the city of Rhame in Bowman County, North Dakota.

On January 14, 2009 the Commission issued a Notice of Opportunity for Hearing. The notice provided until February 20, 2009 for receiving written comments or hearing requests. Written comments were received from the State Historical Society of North Dakota on January 23, 2009. No requests for hearing were received. The notice identified the following issues to be considered:

1. Whether public convenience and necessity will be served by construction and ownership of the facilities.
2. Whether Montana-Dakota Utilities Co., is fit, willing and able to provide service.

On March 11, 2009 the Commission discussed this matter with representatives from MDU and Commission staff at an informal hearing.

Montana-Dakota Utilities Co. is a Division of MDU Resources Group, Inc., which is a Delaware Corporation authorized to do business in North Dakota as a foreign corporation, and is doing business in North Dakota as a public utility subject to the jurisdiction of and regulation by this Commission.

Montana-Dakota Utilities Co. generates, transmits, and distributes electricity in Montana, North Dakota, South Dakota, and Wyoming. It is an experienced electric generation, transmission and distribution utility that currently serves over 120,000 retail electric customers in the northern great plains. Montana-Dakota Utilities Co. has the experience and resources to construct, own, and operate the Cedar Hills project.

Montana-Dakota's application indicates that the Cedar Hills project is needed to provide reliable and economic renewable energy to its customers.

The Commission finds public convenience and necessity will be served by construction and ownership of the facilities.

The Commission finds that Montana-Dakota Utilities Co. is fit, willing and able to provide service.

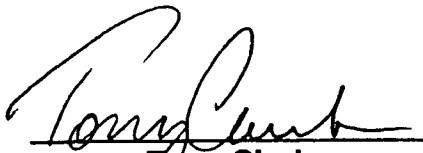
Order

The Commission Orders:

1. The application of Montana-Dakota Utilities Co. for a certificate of public convenience and necessity to construct, own, and operate the Cedar Hills project is GRANTED.

2. Certificate of Public Convenience and Necessity No. 5392 is issued to Montana-Dakota Utilities Co. to construct, own, and operate the Cedar Hills 19.5 MW wind energy facility in Bowman County, North Dakota.

PUBLIC SERVICE COMMISSION



Tony Clark
Commissioner



Kevin Cramer
President



Brian P. Kalk
Commissioner

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

**Certificate of Public Convenience and Necessity
Certificate Number 5392**

This is to certify that public convenience and necessity require, and permission is granted for Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., to construct, own and operate a 19.5 MW wind energy facility known as the Cedar Hills project in Sections 23 and 24, Township 132N, Range 105W, Bowman County, North Dakota.

This certificate is issued in accordance with the Order of this Commission dated March 25, 2009 in Case No. PU-08-942, and is subject to the conditions and limitations noted in the Order.

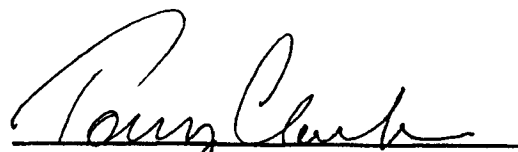
This certificate is conditioned upon Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, March 25, 2009.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner