



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

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

June 4, 2010

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

Re: Case No. PU-10-_____
2010-2011 Avoided Cost Updates

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group Inc., herewith requests Commission approval to revise its Occasional Power Purchase Non-Time Differentiated Rate 95 and Parallel Generation Peaking Facility Purchase Time Differentiated Rate 96. This filing is made in compliance with the Order in Case No. 10,000 and in accordance with the Cogeneration and Small Power Producer Rules, Section 69-09-07-09 of the North Dakota Administrative Code.

The methodology used to develop the proposed energy and capacity payments is consistent with the approved avoided cost rate tariffs. The proposed energy payments for Rates 95 and 96 were generated using Montana-Dakota's production costing model (ProSym), updated to reflect a test year of July 2010 through June 2011. The proposed energy payments under Rates 95 and 96 reflect a decrease in the energy payment per Kwh attributable to changing market conditions related to the Company's participation in the Midwest Independent System Operator (MISO) market and the recent addition of wind generation in this region. Traditionally, Montana-Dakota's marginal cost of energy reflected higher marginal costs in the Company's on-peak hours as compared to the marginal costs produced in the off-peak hours. The higher marginal energy costs represented costs to be incurred in time periods of increased customer demand and the use of gas-fired combustion turbines (with higher production costs) or in recent years higher MISO energy prices. Conversely, the off-peak lambdas represented time periods with decreased customer demand met by lower cost coal fired baseload generation.

The proposed energy payment, as shown in Attachment A, page 1, reflects a shift in the determining driver of the Company's marginal costs. Recently, Montana-Dakota has been able to purchase energy from the MISO market at prices lower than the production costs of the Company's combustion turbines. Therefore, the marginal cost of energy during the Company's on-peak hours has recently moved more toward the MISO purchase prices which are currently lower than the energy cost of a combustion turbine. A second contributing factor to this shift is the recent addition of wind generation in this region, which is a "price taker" generation source, during the Company's off-peak hours.

The additional wind generation accompanied by reduced customer demand during the Company's off-peak hours results in the Company's baseload units operating at or close to minimum loads, where these units are least efficient and the produced energy cost is higher. These changing dynamics can result in the off-peak marginal cost at times exceeding the on-peak marginal costs as shown in the months of July and August 2010 of Attachment A, page 1.

Given the changes in energy pricing described above, Montana-Dakota is also requesting a revision to the Company's Parallel Generation Peaking Facility Purchase Rate 96 Time Differentiated tariff to remove the time of day provision with respect to the energy payment. The current tariff provides for an on- and off-peak energy payment with the on-peak hours defined as those hours between 12 p.m. and 8 p.m. Monday through Friday in the months of June through September. All remaining hours are defined as off-peak hours. Given the narrowing of the differential between the on-peak and off-peak energy prices, the Company believes at this time a time differentiated provision for the energy payment is no longer warranted. Montana-Dakota currently has no customers taking service under Rate 96.

The proposed capacity payments for Rate 96 are the projected levelized costs of a new peaking facility. The data used to support the proposed energy and capacity payments is included as Attachment A.

Montana-Dakota has reviewed the metering charges applicable under Rates 95 and 96 and has determined no changes in the monthly charge are necessary in this annual update.

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed. A report of tariff change reflecting Commission data requirements regarding filings is also attached hereto. Montana-Dakota has two customer currently served on Rate 95. A monthly history of the energy purchased under Rate 95 is included as Attachment B.

Montana-Dakota respectfully requests that the rate schedules set forth herein be approved within 30 days of this filing.

Please refer all inquiries regarding this filing to:

Ms. 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:

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

The original and seven (7) copies of this Letter of Transmittal and tariffs have been provided to the North Dakota Public Service Commission.

Montana-Dakota also herewith submits a check for \$50.00 pursuant to the requirements of Section 49-05-05 of the North Dakota Century Code.

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: D. Kuntz



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
1st Revised Sheet No. 1.1
Canceling Original Sheet No. 1.1

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Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
7th Revised Sheet No. 44
Canceling 6th Revised Sheet No. 44

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 1 of 3

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

Rate:

Metering charge for single phase service:	\$ 1.60 per month
With instrument transformers:	\$ 3.50 per month
Metering charge for three phase service:	\$ 3.80 per month
With instrument transformers:	\$ 6.60 per month

Energy delivered to and accepted by Company by a QF shall be paid for by Company in accordance with one of the following two options, elected by the QF:

1. Simultaneous Purchase and Sale:

Energy sales to QF - Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

Energy purchases by Company:

Energy Payment = 2.494¢ per Kwh

Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberie
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
7th Revised Sheet No. 44.1
Canceling 6th Revised Sheet No. 44.1

OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

Page 2 of 3

2. Net Billing:

Energy generated will be compensated on a net billing basis. The Company will install a meter to measure the energy generated by the QF. The Company will also install a meter to measure the energy consumed by the QF. Metered generation will be subtracted from the metered consumption for the billing period.

If metered generation is less than metered consumption, the QF will be billed the applicable retail rate. If metered generation is greater than the metered consumption, the QF will be paid for each Kwh an amount equal to:

2.494¢ per Kwh

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
4. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be at least one year but less than five years.
5. In order to qualify for the net billing option, the generating equipment and the load of the facility must be located at the same "physical site". "Physical site" shall mean on the same tract of land and the generator output must be physically connected to the load service entrance.

Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
7th Revised Sheet No. 45
Canceling 6th Revised Sheet No. 45

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96

Page 1 of 4

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 1000 Kw or less, that operate as a peaking facility (defined below), and are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

I. FACILITIES CAPABLE OF PROVIDING DISPATCHABLE CAPACITY AT THE TIME OF COMPANY'S SUMMER PEAK

Rate:

Metering charge for single phase service: \$ 5.20 per month
With instrument transformers: \$ 7.10 per month

Metering charge for three phase service: \$ 5.70 per month
With instrument transformers: \$ 8.50 per month

1. Capacity delivered to the Company:

QF has the option of one of two methods of payment for capacity:

- a. Actual avoided costs at the time of delivery, or
- b. Levelized payment for term of contract based on Table 1 below.

TABLE 1
Contract Length (YR.)

	5	10	15	20	25	30	35
\$/Kw-mo	1.789	5.849	7.731	9.056	10.142	11.088	11.935

Total capacity payment per month = The applicable contract length capacity payment from Table 1 times the maximum 1 hour capacity, as demonstrated by an annual capability test.

Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
8th Revised Sheet No. 45.1
Canceling 7th Revised Sheet No. 45.1

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96

Page 2 of 4

2. Energy Payment: 2.494¢ per Kwh

II. FACILITIES WHICH ARE NOT DISPATCHABLE AND PROVIDE ENERGY AND CAPACITY ON AN "AS AVAILABLE" BASIS

Rate:

Metering charge for single phase service: \$ 5.20 per month
With instrument transformers: \$ 7.10 per month

Metering charge for three phase service: \$ 5.70 per month
With instrument transformers: \$ 8.50 per month

1. Total capacity payment per billing period = P X Maximum 15 minute capacity
for billing period, where P is defined below.

$$P = QCF/PCF(VTable 1)$$

where: P = capacity payment in \$/Kw - month
QCF = Qualifying Facilities Capacity Factor
PCF = Projected Capacity Factor of the facility to be avoided
VTable 1 = Applicable value from Table 1
CF = Capacity Factor which equals average 15 minute on-peak metered capacity divided by the greatest 15 minute on-peak metered capacity during the billing period.

QCF/PCF cannot be greater than 1.

2. Energy Payment: 2.494¢ per Kwh

Date Filed: June 4, 2010

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Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
7th Revised Sheet No. 45.2
Canceling 6th Revised Sheet No. 45.2

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96

Page 3 of 4

Energy Sales to Qualifying Facilities:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. Service under this schedule shall be on a simultaneous purchase and sale basis only.
3. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
4. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
5. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be five years or more.
6. Line loss considerations will be determined on a site specific basis.
7. For dispatchable units, generator outages must be pre-scheduled with Company to provide coordination with Company units.
8. A Peaking Unit is a unit not designed for continuous operation and is capable of supplying capacity and energy during periods of peak electric consumption. Generally, peaking units have a capacity factor of 20% or less.

Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
1st Revised Sheet No. 45.3
Canceling Original Sheet No. 45.3

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96

Page 4 of 4

9. For general terms and conditions covering QF's, see Rate 140.
10. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

Date Filed: June 4, 2010

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 1.1

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Case No.:



Montana-Dakota Utilities Co.
 A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of North Dakota
 Electric Rate Schedule**

NDPSC Volume 4
 6th Revised Sheet No. 44
 Canceling 5th Revised Sheet No. 44

**OCCASIONAL POWER PURCHASE Rate 95
 NON-TIME DIFFERENTIATED**

Page 1 of 3

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

Rate:

Metering charge for single phase service: \$ 1.60 per month
 With instrument transformers: \$ 3.50 per month

Metering charge for three phase service: \$ 3.80 per month
 With instrument transformers: \$ 6.60 per month

Energy delivered to and accepted by Company by a QF shall be paid for by Company in accordance with one of the following two options, elected by the QF:

1. Simultaneous Purchase and Sale:

Energy sales to QF - Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

Energy purchases by Company:

Energy Payment = ~~2.7952~~.494¢ per Kwh

Date Filed:

Effective Date:

Issued By: Tamie A. Aberte
 Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.
 A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of North Dakota
 Electric Rate Schedule**

NDPSC Volume 4
 6th Revised Sheet No. 44.1
 Canceling 5th Revised Sheet No. 44.1

**OCCASIONAL POWER PURCHASE Rate 95
 NON-TIME DIFFERENTIATED**

Page 2 of 3

2. Net Billing:

Energy generated will be compensated on a net billing basis. The Company will install a meter to measure the energy generated by the QF. The Company will also install a meter to measure the energy consumed by the QF. Metered generation will be subtracted from the metered consumption for the billing period.

If metered generation is less than metered consumption, the QF will be billed the applicable retail rate. If metered generation is greater than the metered consumption, the QF will be paid for each Kwh an amount equal to:

~~2.7952~~ 4.94¢ per Kwh

General Terms and Conditions:

1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
4. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be at least one year but less than five years.
5. In order to qualify for the net billing option, the generating equipment and the load of the facility must be located at the same "physical site". "Physical site" shall mean on the same tract of land and the generator output must be physically connected to the load service entrance.

Date Filed:

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Issued By: Tamie A. Aberle
 Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
6th Revised Sheet No. 45
Canceling 5th Revised Sheet No. 45

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96-TIME DIFFERENTIATED

Page 1 of 4

Availability:

To any qualifying cogeneration and small power production facilities for the purpose of generating electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 1000 Kw or less, that operate as a peaking facility (defined below), and are Qualifying Facilities (QF) as defined under 18 CFR, Part 292.

I. FACILITIES CAPABLE OF PROVIDING DISPATCHABLE CAPACITY AT THE TIME OF COMPANY'S SUMMER PEAK

Rate:

Metering charge for single phase service: \$ 5.20 per month
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Metering charge for three phase service: \$ 5.70 per month
With instrument transformers: \$ 8.50 per month

1. Capacity delivered to the Company:

QF has the option of one of two methods of payment for capacity:

- a. Actual avoided costs at the time of delivery, or
- b. Levelized payment for term of contract based on Table 1 below.

TABLE 1
Contract Length (YR.)

	5	10	15	20	25	30	35
\$/Kw-mo	5.648	8.155	9.540	10.616	11.543	12.370	13.116
	1.789	5.849	7.731	9.056	10.142	11.088	11.935

Total capacity payment per month = The applicable contract length capacity payment from Table 1 times the maximum 1 hour capacity, as demonstrated by an annual capability test.

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Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

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400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
7th Revised Sheet No. 45.1
Canceling 6th Revised Sheet No. 45.1

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96-TIME DIFFERENTIATED

Page 2 of 4

2. Energy Payment: 2.494¢ per Kwh

ON-PEAK
3.805¢ per Kwh

OFF-PEAK
2.723¢ per Kwh

~~Peak Periods: The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours. Definitions of On-Peak and Off-Peak periods are subject to change with change in the Company's system operating characteristics.~~

II. FACILITIES WHICH ARE NOT DISPATCHABLE AND PROVIDE ENERGY AND CAPACITY ON AN "AS AVAILABLE" BASIS

Rate:

Metering charge for single phase service: \$ 5.20 per month
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where: P = capacity payment in \$/Kw - month
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PCF = Projected Capacity Factor of the facility to be avoided
VTable 1 = Applicable value from Table 1
CF = Capacity Factor which equals average 15 minute on-peak metered capacity divided by the greatest 15 minute on-peak metered capacity during the billing period.

QCF/PCF cannot be greater than 1.

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Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
6th Revised Sheet No. 45.2
Canceling 5th Revised Sheet No. 45.2

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96-TIME-DIFFERENTIATED

Page 3 of 4

2. Energy Payment: 2.494¢ per Kwh

ON-PEAK
3.805¢ per-Kwh

OFF-PEAK
2.723¢ per-Kwh

Energy Sales to Qualifying Facilities:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small and general electric service, etc.) that is currently on file with the Commission.

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1. Change of Rates: This schedule shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
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4. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
5. A written contract with the Company shall be signed stipulating the terms and conditions of the interconnection and sale of the electricity to the Company. The term of the contract hereunder shall be five years or more.
6. Line loss considerations will be determined on a site specific basis.
7. For dispatchable units, generator outages must be pre-scheduled with Company to provide coordination with Company units.

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
Original Sheet No. 45.3

PARALLEL GENERATION PEAKING FACILITY PURCHASE Rate 96 ~~TIME DIFFERENTIATED~~

Page 4 of 4

8. A Peaking Unit is a unit not designed for continuous operation and is capable of supplying capacity and energy during periods of peak electric consumption. Generally, peaking units have a capacity factor of 20% or less.
9. For general terms and conditions covering QF's, see Rate 140.
10. All services provided by the Company under this and all other schedules are governed by the rules and regulations approved by the North Dakota Public Service Commission. Rates charged hereunder may be modified by Company at any time by making a unilateral rate application with the North Dakota Public Service Commission or its successor. The new rates shall be effective upon approval by the Commission.

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Pricing & Tariff Manager

Case No.:

North Dakota Report of Tariff Schedule Change

Case No. PU-10-_____

Name of Utility: Montana-Dakota Utilities Co.

Address Main Office: 400 North Fourth Street, Bismarck ND 58501

NEW TARIFF DESIGNATION

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<u>Parallel Generation Peaking Facility Purchase Rate 96</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>7th Revised 45 and 45.2</u>
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<u>Parallel Generation Peaking Facility Purchase Rate 96</u>	P.S.C. Tariff Volume <u>4</u>	Sheet No. <u>1st Revised 45.3</u>

Change: Rates
 (State part of tariff affected by change, such as: applicability, availability, rates, etc.)

Reason for Change: Reflect updated avoided energy and capacity costs

Approximate annual reduction in revenue N/A

Approximate annual increase in revenue N/A

Points Affected	Estimated number of customers whose cost of service will be:		
	Reduced	Increased	Unchanged
	(DEPENDENT UPON ENERGY PRODUCED)		

Montana-Dakota Utilities Co.
 Tamie A. Aberle
 Pricing & Tariff Manager

Montana-Dakota Utilities Co.

North Dakota Lambda
July 2010 through June 2011

Month	Year	Lambda		
		On-Peak \$/MWh	Off-Peak \$/MWh	Total \$/MWh
July	2010	\$21.94	\$23.66	\$23.25
August	2010	21.45	22.85	22.52
September	2010	26.26	23.89	24.47
October	2010		23.64	23.64
November	2010		24.36	24.36
December	2010		30.57	30.57
January	2011		27.91	27.91
February	2011		30.04	30.04
March	2011		23.36	23.36
April	2011		23.29	23.29
May	2011		22.39	22.39
June	2011	25.93	22.60	23.42
Average		\$23.90	\$24.88	\$24.94

Montana-Dakota Utilities Co.

**Monthly Capacity Payment Levels
Nominally Levelized \$/kW-Month
On line Contract Year**

<u>Contract Length</u>	<u>2010-2011</u>
5	\$1.789
10	5.849
15	7.731
20	9.056
25	10.142
30	11.088
35	11.935

Montana-Dakota Utilities Co.

Calculation of Monthly Capacity Payment by Contract Length
2010 - 2011

Discount Rate 0.06786
PWF (Present Worth Factor) 1.06786 (1 + Discount Rate)
NCRF = Nominal Capital Recovery Factor

(Col A)	(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)
Year		\$/KW-Year	DN	NCRF	\$/KW-Year / Previous Year's Column D value	Accumulative Sum of Col. F	Monthly Capacity Payment
2011	1	\$0.00	1.06786				
2012	2	0.00	1.14032		0.00000000		
2013	3	0.00	1.21771		0.00000000	0.00000000	
2014	4	0.00	1.30034		0.00000000	0.00000000	
2015	5	115.15	1.38858	0.242494863	88.55369074	88.55369074	\$1.789
2016	6	119.76	1.48281		86.24624434	174.79993508	
2017	7	124.55	1.58343		83.99584782	258.79578290	
2018	8	129.53	1.69089		81.80316984	340.59895273	
2019	9	134.71	1.80563		79.66825125	420.26720399	
2020	10	140.10	1.92816	0.140972352	77.59062757	497.85783155	5.849
2021	11	145.70	2.05901		75.56424754	573.42207909	
2022	12	151.53	2.19873		73.59378074	647.01585983	
2023	13	157.59	2.34794		71.67320544	718.68906527	
2024	14	163.89	2.50727		69.80174962	788.49081489	
2025	15	170.45	2.67741	0.108315240	67.98240742	856.47322231	7.731
2026	16	177.27	2.85910		66.20952316	922.68274547	
2027	17	184.36	3.05312		64.48186587	987.16461135	
2028	18	191.73	3.26030		62.79812106	1,049.96273241	
2029	19	199.40	3.48155		61.15999095	1,111.12272336	
2030	20	207.38	3.71780	0.092828697	59.56550247	1,170.68822583	9.056
2031	21	215.67	3.97009		58.01006591	1,228.69829174	
2032	22	224.30	4.23950		56.49741470	1,285.19570644	
2033	23	233.27	4.52720		55.02295013	1,340.21865657	
2034	24	242.60	4.83441		53.58724873	1,393.80590530	
2035	25	252.31	5.16248	0.084162800	52.19042197	1,445.99632728	10.142
2036	26	262.40	5.51280		50.82833181	1,496.82465909	
2037	27	272.90	5.88690		49.50296847	1,546.32762756	
2038	28	283.81	6.28638		48.21043848	1,594.53806604	
2039	29	295.17	6.71298		46.95385820	1,641.49192424	
2040	30	306.97	7.16852	0.078861016	45.72783963	1,687.21976386	11.088
2041	31	319.25	7.65498		44.53498771	1,731.75475157	
2042	32	332.02	8.17444		43.37308937	1,775.12784094	
2043	33	345.30	8.72916		42.24140659	1,817.36924752	
2044	34	359.11	9.32152		41.13911766	1,858.50836518	
2045	35	373.48	9.95408	0.075438667	40.06641685	1,898.57478203	11.935

Column A = Year
Column B = Number of Years
Column C = \$/KW from Supply Side Resource Plan (Attachment A, page 4)
Column D = Present Worth Factor escalated
Column E = (Discount Rate * Col. D) / (Col. D - 1)
Column F = Col. C / Previous Year's Col. D
Column G = Accumulative of Col. F
Column H = (Col G * Col E) / 12

Montana-Dakota Utilities Co.

Supply-Side Resource Expansion Plan
2011 - 2045

Year	\$/KW - Year	Installed Facility
2011	\$0.00	No capacity needed
2012	0.00	No capacity needed
2013	0.00	No capacity needed
2014	0.00	No capacity needed
2015	115.15	Cost of peaking combustion turbine
2016	119.76	Cost of peaking combustion turbine
2017	124.55	Cost of peaking combustion turbine
2018	129.53	Cost of peaking combustion turbine
2019	134.71	Cost of peaking combustion turbine
2020	140.10	Cost of peaking combustion turbine
2021	145.70	Cost of peaking combustion turbine
2022	151.53	Cost of peaking combustion turbine
2023	157.59	Cost of peaking combustion turbine
2024	163.89	Cost of peaking combustion turbine
2025	170.45	Cost of peaking combustion turbine
2026	177.27	Cost of peaking combustion turbine
2027	184.36	Cost of peaking combustion turbine
2028	191.73	Cost of peaking combustion turbine
2029	199.40	Cost of peaking combustion turbine
2030	207.38	Cost of peaking combustion turbine
2031	215.67	Cost of peaking combustion turbine
2032	224.30	Cost of peaking combustion turbine
2033	233.27	Cost of peaking combustion turbine
2034	242.60	Cost of peaking combustion turbine
2035	252.31	Cost of peaking combustion turbine
2036	262.40	Cost of peaking combustion turbine
2037	272.90	Cost of peaking combustion turbine
2038	283.81	Cost of peaking combustion turbine
2039	295.17	Cost of peaking combustion turbine
2040	306.97	Cost of peaking combustion turbine
2041	319.25	Cost of peaking combustion turbine
2042	332.02	Cost of peaking combustion turbine
2043	345.30	Cost of peaking combustion turbine
2044	359.11	Cost of peaking combustion turbine
2045	373.48	Cost of peaking combustion turbine

Capital cost of combustion turbine = \$750/kW in 2009 dollars
 Escalation rate = 4%
 Levelized Fixed Charge = 12.134%

- 1/ Capital cost of CT x ((1+Interest Rate)^Number of Years
 from 2009 x Levelized Fixed Charge
 $\$750 \times (1.04^6) \times .12134 = \115.15
- 2/ Previous year's \$/kW-Year, escalated by 4%.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota**

**Rate 95 Customer History
Twelve Months Ended May 31, 2010**

	<u>Kwh Billed Customer 1/</u>	<u>Kwh Purchased under Rate 95</u>
June 2009	1,979	0
July	2,522	0
August	2,143	0
September	2,525	0
October	2,128	0
November	4,642	33
December	8,127	12
January 2010	8,690	14
February	9,477	32
March	8,930	14
April	5,889	111
May	4,812	85
Total	<u>61,864</u>	<u>301</u>

1/ Energy billed customers under other service's applicable tariff.