

Montana-Dakota Utilities Co.

David L. Goodin
President & CEO

Electric Rate Application
Settlement Agreement Overview

Case No. PU-10-124



Settlement Agreement

- Annual increase of \$7.614 million (6.23%)
- Company's proposed rate design
 - Equal percent to each rate class- change from interim bill dependent on usage
 - Increase in Basic Service Charge & Demand Charges
- Company will implement a new bill form by December 31, 2012

Settlement Agreement (con't)

- Time of Day Rate Study in conjunction with Commission Staff
- Renewable Energy Credits (REC) allocated to North Dakota based on Kwh sales. REC proceeds flow through Fuel Adjustment.
- Terms of Prior Settlement Agreements remain in effect

Wind Resources

- Additional modeling confirms prudent investments as supported in this case:
- Demonstrated need for energy
- Cost effective energy resources
- Hedge against market price volatility & future environmental legislation
- Benefit of portfolio diversity
- ND Renewable Objective
- Excellent wind locations resulting in capacity value
- Availability of existing transmission
- Potential loss of tax credits
- Big Stone II modeling and Commission Order