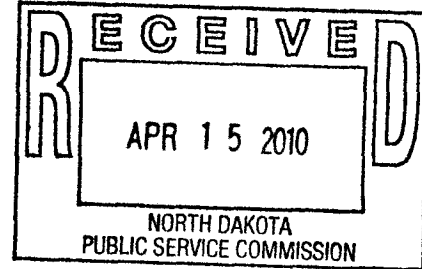


400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

April 15, 2010

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



Re: Annual Reports

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith submits one copy of its Electric and Gas Annual Reports for the year ended December 31, 2009 consisting of:

North Dakota Electric and Gas Annual Reports
North Dakota Electric and Gas Cost of Service Studies ✓
Report of Independent Public Accountants
2009 Annual Report to Stockholders

A copy of the FERC Form No. 1 is not available at this time. A copy will be sent shortly.

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,

Handwritten signature of Rita A. Mulkern in cursive.

Rita A. Mulkern
Regulatory Analysis Manager

Enclosures

NORTH DAKOTA COST OF SERVICE STUDY

ELECTRIC OPERATIONS

2009

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2009

	Total Company	North Dakota	Others
<u>Operating Revenues</u>			
Sales Revenues			
Residential	\$73,937,257	\$43,361,646	\$30,575,611
Small General	23,576,826	8,242,185	15,334,641
Large General	80,564,947	51,993,818	28,571,129
Lighting Service	2,976,854	1,731,422	1,245,432
Municipal Pumping Service	2,085,657	1,587,726	497,931
Cogeneration	411	411	
Sales for Resale	2,239,005	1,456,519	782,486
Margin Sharing Adjustment	3,915,813	3,241,038	674,775
Unbilled Revenue	(1,771,219)	(1,475,466)	(295,753)
Total Sales Revenues	<u>187,525,551</u>	<u>110,139,299</u>	<u>77,386,252</u>
Other Operating Revenues	7,691,818	4,684,059	3,007,759
Total Operating Revenues	<u>\$195,217,369</u>	<u>\$114,823,358</u>	<u>\$80,394,011</u>
<u>Operating Expenses</u>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$65,717,029	\$32,069,238	\$33,647,791
Production	21,024,140	14,556,360	6,467,780
Transmission	8,234,482	5,605,166	2,629,316
Distribution	10,546,255	6,055,201	4,491,054
Customer Accounts	3,699,547	2,163,061	1,536,486
Customer Service & Information	333,508	264,054	69,454
Sales	273,396	194,519	78,877
Administrative & General	16,678,634	10,525,633	6,153,001
Total O&M Expenses	<u>126,506,991</u>	<u>71,433,232</u>	<u>55,073,759</u>
Depreciation			
Production	11,399,196	7,657,909	3,741,287
Transmission	2,758,454	1,850,604	907,850
Distribution	7,308,603	4,256,423	3,052,180
General	485,022	313,286	171,736
Common	946,276	570,464	375,812
Amort. of Intangible Plant - General	434,331	283,211	151,120
Amort. of Intangible Plant - Common	956,082	614,920	341,162
Amort. of Acquisition Adjustment	228,242	158,080	70,162
Total Depreciation Expense	<u>24,516,206</u>	<u>15,704,897</u>	<u>8,811,309</u>

**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2009**

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<u>Operating Expenses Con't.</u>			
Taxes Other Than Income Taxes			
Ad Valorem Taxes			
Production	1,181,362	818,031	363,331
Transmission	1,059,934	551,122	508,812
Distribution	2,236,990	794,845	1,442,145
General	151,374	48,143	103,231
Common - General	274,334	131,845	142,489
Common - Intangible	35,457	22,829	12,628
Total Ad Valorem Taxes	<u>4,939,451</u>	<u>2,366,815</u>	<u>2,572,636</u>
Other Taxes	<u>3,436,379</u>	<u>1,971,582</u>	<u>1,464,797</u>
Total Taxes Other Than Income Taxes	8,375,830	4,338,397	4,037,433
Current Income Taxes	(5,252,566)	(3,810,895)	(1,441,671)
Deferred Income Taxes	<u>12,913,009</u>	<u>8,806,351</u>	<u>4,106,658</u>
Total Operating Expenses	<u>\$167,059,470</u>	<u>\$96,471,982</u>	<u>\$70,587,488</u>
Operating Income	<u><u>\$28,157,899</u></u>	<u><u>\$18,351,376</u></u>	<u><u>\$9,806,523</u></u>
Year End Rate Base	<u><u>\$319,831,235</u></u>	<u><u>\$210,902,238</u></u>	<u><u>\$108,928,997</u></u>
Rate of Return	<u><u>8.80%</u></u>	<u><u>8.70%</u></u>	<u><u>9.00%</u></u>

MONTANA-DAKOTA UTILITIES CO.
YEAR END RATE BASE
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2009

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<u>Plant in Service</u>			
Electric Plant in Service			
Steam Production	\$295,489,828	\$202,968,849	\$92,520,979
Other Production	<u>85,257,462</u>	<u>58,847,038</u>	<u>26,410,424</u>
Total Production	380,747,290	261,815,887	118,931,403
Transmission	143,198,212	92,482,990	50,715,222
Distribution	227,022,046	131,372,493	95,649,553
General	20,768,014	12,625,103	8,142,911
Common	27,281,468	16,489,655	10,791,813
Intangible Plant - General	6,240,518	4,022,989	2,217,529
Intangible Plant - Common	13,800,138	8,875,787	4,924,351
Acquisition Adjustment	<u>10,387,642</u>	<u>7,161,943</u>	<u>3,225,699</u>
Total Electric Plant in Service	829,445,328	534,846,847	294,598,481
Accumulated Reserve for Depreciation			
Steam Production	198,882,254	129,748,842	69,133,412
Other Production	<u>15,617,865</u>	<u>10,776,668</u>	<u>4,841,197</u>
Total Production	214,500,119	140,525,510	73,974,609
Transmission	80,430,659	51,624,661	28,805,998
Distribution	114,645,801	64,644,951	50,000,850
General	9,957,907	6,192,571	3,765,336
Common	14,388,207	9,070,745	5,317,462
Intangible Plant - General	5,139,599	3,313,779	1,825,820
Intangible Plant - Common	9,649,704	6,206,367	3,443,337
Acquisition Adjustment	<u>9,462,838</u>	<u>6,525,036</u>	<u>2,937,802</u>
Total Accum. Reserve for Depreciation	458,174,834	288,103,620	170,071,214
Net Electric Plant in Service	371,270,494	246,743,227	124,527,267
CWIP in Service Pending Reclass.	<u>2,427,841</u>	<u>1,477,259</u>	<u>950,582</u>
Total Electric Plant in Service	\$373,698,335	\$248,220,486	\$125,477,849
<u>Additions</u>			
Materials and Supplies	7,731,465	4,781,793	2,949,672
Fuel Stocks	4,524,806	2,943,480	1,581,326
Prepayments	156,795	102,443	54,352
Unamortized Loss on Debt	<u>7,560,373</u>	<u>5,014,567</u>	<u>2,545,806</u>
Total Additions	19,973,439	12,842,283	7,131,156
Total Before Deductions	\$393,671,774	\$261,062,769	\$132,609,005
<u>Deductions</u>			
Accumulated Deferred Income Taxes	70,996,075	49,902,514	21,093,561
Accumulated Investment Tax Credits	110,356	94,058	16,298
Customer Advances	<u>2,734,108</u>	<u>163,959</u>	<u>2,570,149</u>
Total Deductions	73,840,539	50,160,531	23,680,008
Year End Rate Base	<u>\$319,831,235</u>	<u>\$210,902,238</u>	<u>\$108,928,997</u>