



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

February 22, 2011

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

Re: Amended Application for Authority
for Cost Recovery
Case No. PU-10-589

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an original and seven (7) copies of an Amended Application for authority to recover costs related to the Bismarck Manufactured Gas Plant (MGP) remediation.

The Company's original Application in this case filed September 17, 2010 (Case No. PU-10-589) requested authority to amortize the Bismarck MGP remediation cost of \$907,773 over five years, beginning January 1, 2010, with no rate base treatment of the unamortized balance and to recover the unamortized MGP costs through the Company's Cost of Gas (COG) adjustment beginning January 1, 2011.

This amended Application is being filed to revise the Company's original request and the Company now seeks to amortize the Bismarck MGP remediation costs over ten years, effective January 1, 2008. In the event the Company files a gas rate case during the amortization period, the Company will seek to include the MGP expense in the test year cost of service. This change was made after discussion with the Commission Staff in order to recognize that the remediation was completed in 2007.

Montana-Dakota respectfully requests that this amended filing be accepted as being in full compliance with the 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,

Rita A. Mulkern
Regulatory Affairs Manager

Attachments

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.,) Case No. PU-10-589
for Authority for Cost Recovery)

* * * *

AMENDED APPLICATION

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits this Amended Application for authority for recovery of costs related to the Bismarck Manufactured Gas Plant (MGP) remediation. The original application was filed September 17, 2010.

I.

Montana-Dakota, a Division of MDU Resources Group, Inc., is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation. Montana-Dakota is doing business in the State of North Dakota as a public utility.

II.

The Company's Certificate of Incorporation and amendments thereto have previously been filed with the North Dakota Public Service Commission. Such Certificate and Amendments are hereby incorporated by reference.

III.

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

IV.

As described in the Application submitted September 17, 2010, Montana-Dakota owned a former manufactured gas plant site (Site) located on the southeast corner of the intersection of South 10th Street and East Front Avenue in the City of Bismarck, North Dakota. Montana-Dakota hired Burns & McDonnell Engineering Company to assist in completing Site remediation activities for the former MGP Site. The Site was investigated in 2006 and remediated in 2007. The Site was remediated in order to reduce environmental risk to acceptable levels to allow Montana-Dakota to sell the property. Existing buildings and concrete structures on the Site were demolished, two empty underground storage tanks were removed, and MGP-impacted soils and materials were removed. One historic groundwater well was found on the Site and abandoned during the project. Materials removed from the Site were disposed of offsite according to all applicable regulations. The Site was backfilled with non-impacted excavated soil and imported soil and re-graded. Sampling conducted after excavation of the MGP-impacted materials confirmed that the soil remaining at the Site does not present an unacceptable risk for future commercial-industrial use of the Site. The property was sold in 2007 and the gain on the sale of the property was credited to the project.

V.

Montana-Dakota amends its original Application and is now proposing to expense the amount of \$907,773 over ten years retroactive to January 1, 2008, resulting in an annual expense amount of \$90,777 as shown in Attachment A. The Company is requesting the amortization be retroactive to January 1, 2008 to coincide with the completion of the remediation and sale of the property in 2007.

In the event the Company files a gas rate case with the Commission during the amortization period, Montana-Dakota will seek to include the MGP expense in the test year cost of service, allowing the Company to recover any remaining amount through approved rates.

VI.

This Application is submitted in accordance with the provisions of the North Dakota Century Code and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota and the filing guidelines of the Public Service Commission.

VII.

Montana-Dakota requests that the Commission issue its order authorizing the expense of the costs related to the Bismarck manufactured gas plant remediation effective January 1, 2008.

Dated this 22nd day of February, 2011.

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

By: *Rita A. Mulkern*
Rita A. Mulkern
Regulatory Affairs Manager

STATE OF NORTH DAKOTA)

:SS

COUNTY OF BURLEIGH)

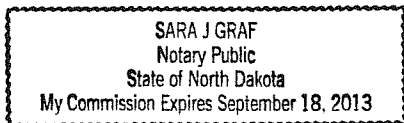
Rita A. Mulkern, being first duly sworn, deposes and says that she is the Regulatory Affairs Manager of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., that she has read the foregoing Application, knows the contents thereof, and that the same is true and correct to the best of her knowledge, information and belief.

Dated this 22nd day of February, 2011.

Rita A. Mulkern

Rita A. Mulkern
Regulatory Affairs Manager

Subscribed and sworn to before me this 22nd day of February, 2011



Sara J. Graf

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

**MONTANA-DAKOTA UTILITIES CO.
BISMARCK MANUFACTURED GAS PLANT
REMEDATION COSTS**

Labor	\$21,957
Benefits	4,470
Subcontract labor	1,062,186
Material	21,860
Land	142,320
Other	4,762
Cost Recovery 1/	<u>(349,782)</u>
Total cost of remediation	<u>\$907,773</u>
Annual Expense - 10 years	<u>\$90,777</u>

1/ Includes gain on sale of land of \$7,462.