

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
Manufactured Gas Plant Cost Recovery
Application**

Case No. PU-10-589

AFFIDAVIT OF SERVICE BY CERTIFIED & REGULAR MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Cara DeSaye deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **28th** day of **July, 2011**, she deposited in the United States Mail, at Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and containing a photocopy of:

Order Allowing Cost Deferral

The envelope was addressed as follows:

Rita Mulkern
Regulatory Analysis Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck ND 58501

Cert. No. 7010 1060 0001 0644 3706

Cara DeSaye further deposes and says that on the **28th** day of **July, 2011**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

The envelope was addressed as follows:

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

Affidavit of Service
Page 2
July 28, 2011

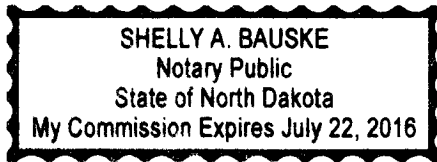
Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
This 28th day of July, 2011.

Cara Delaney

Shelly A. Bauske
Notary Public

SEAL



**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
Manufactured Gas Plant Remediation Cost Recovery
Application**

Case No. PU-10-589

**ORDER ALLOWING COST DEFERRAL
July 27, 2011**

On September 17, 2010 Montana-Dakota Utilities Co. (MDU) filed an application for authority to recover costs related to its Bismarck manufactured gas plant (MGP) remediation on the SE corner of South 10th Street and East Front. The plant site was remediated to reduce environmental risk to acceptable levels and then sold in 2007. The total cost, less the sale of the property, is \$907,773. The company proposed collecting the cost over a 5 year period beginning January 1, 2010 with no interest or rate base treatment.

On February 22, 2011 MDU filed an amended application to amortize the cost over ten years, beginning January 1, 2008 with no interest or rate base treatment. In addition, customers will not be immediately billed for the cost. However, if MDU files for a rate increase before the costs are fully amortized, the Company will seek cost recovery for the annual amortization expense as part of its test year cost of service.

The remediation project will be recorded as a North Dakota expense and will not be allocated to other states served by MDU. The site was only used to serve Bismarck customers prior to the availability of transmission pipelines that exist today. The other states served by MDU have their own local MGP sites and will be responsible for their own cleanup costs without any allocation to North Dakota.

On March 9, 2011 a Notice of Opportunity for Hearing was issued by the commission. No requests for a hearing were received.

On July 1, 2011 staff recommended that the commission approve MDU's amended application.

On July 20, 2011 the commission held an Informal Hearing.

Order

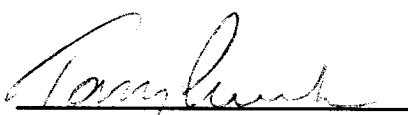
The Commission Orders:

1. MDU's amended application is APPROVED.
2. Any future request for cost deferral must be made immediately after the costs have been incurred and then only when current earning levels are not sufficient to cover these kinds of unusual and extraordinary costs.

PUBLIC SERVICE COMMISSION



Kevin Cramer
Commissioner



Tony Clark
Chairman



Brian P. Kalk
Commissioner