

June 6, 2011

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

PUBLIC SERVICE COMMISSION

Re: Electric Service to White Earth,
North Dakota

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith requests Commission approval, pursuant to N.D.C.C. §49-04-05, to transfer its distribution franchise, works and system used in the provision of electric distribution service within the community of White Earth, North Dakota to Mountrail-Williams Electric Cooperative (Mountrail-Williams). Montana-Dakota currently provides service to White Earth pursuant to N.D.C.C. §49-03-01.3 authorizing utilities to serve the cities and areas they were serving in 1965. This request for a transfer of service is the result of discussions with Mountrail-Williams in the development of a service area agreement between the two electric service providers that will provide for operational efficiencies and orderly and efficient extension of service to new customers in the Williston area while assuring continued adequate and reliable electric service to customers of both electric providers. The Service Area Agreement will be separately submitted for Commission approval.

Montana-Dakota requests approval for release of its authority and obligation to provide electric service to the community of White Earth which will allow Montana-Dakota to retire the existing 12.5 kV 2-phase line utilized to serve White Earth. The existing service line to White Earth was installed in 1964 and is approximately 9 miles in length. Montana-Dakota serves the White Earth line from a substation located north of Tioga with two 167 kVA step-up transformers.

Mountrail-Williams will be able to provide service to White Earth with a short transmission line extension from its existing system and will purchase Montana-Dakota's distribution facilities currently dedicated to serving White Earth. Mountrail-Williams' will utilize the corridor where Montana-Dakota's existing 12.5 kV line is located to install a needed transmission line with minimal disruption by placing the new transmission line in the corridor where Montana-Dakota's distribution exists along with several other utility lines.

Montana-Dakota serves approximately 70 customers in White Earth that Mountrail-Williams will begin serving effective upon Commission approval and construction of necessary facilities. Mountrail-Williams has agreed that residential customers will be served under its Electric Rate Schedule "A-NT". In addition, Mountrail Williams has agreed to provide the sockets and make the necessary changes to allow residential customers utilizing electric service for space heating purposes, to take advantage of Mountrail-Williams' electric heating rate Electric Rate Schedule "EH-1" that requires a separate meter while Montana-Dakota's service does not. Finally, customers currently served under Montana-Dakota's Small General Service Rate 20 will be served under Mountrail-Williams' Electric Rate Schedule "C-Urban". Customers that appear to be electric space heating customers based on monthly sales data are expected to see an estimated annual decrease in their total annual electric bill of \$125 while the non-space heating residential customers are expected to see an estimated annual decrease of \$20. The general service electric service bills are estimated to decrease by approximately \$150 annually under Mountrail Williams' rate schedule

The advantages provided to Montana-Dakota and its other customers from the transfer of service is the avoidance of rebuilding the 1964 vintage single feed line serving White Earth while releasing capacity at the substation located north of Tioga currently utilized to serve the White Earth customers. The advantage provided to the White Earth customers, in addition to lower electric bills, is a new service feed that will serve them reliably into the future. Mountrail-Williams benefits from the additional load and the use of an existing corridor for a new transmission line.

The net book value of the facilities Montana-Dakota will be selling to Mountrail-Williams is well below the threshold required to request approval to dispose of tangible property under N.D.C.C. §49-04-05. Montana-Dakota submits this request for release of its authority and obligation to provide electric service to the community of White Earth, as afforded under N.D.C.C. §49-03-01.3, to assure continued reliable service for White Earth customers in a more efficient manner than if Montana-Dakota continued to serve these customers and to provide the opportunity to expand the electrical systems of both Montana-Dakota and Mountrail-Williams in a more orderly and efficient fashion.

Montana-Dakota and Mountrail-Williams will advise customers of the potential transfer with delivery of a notice at each residence providing an offer to meet individually with affected customers. Additionally, the service providers will advise the City Council at a meeting tentatively scheduled for June 7, 2011 to discuss the proposed transfer of the franchise agreement. Subsequent customer meetings will be scheduled as deemed necessary.

Montana-Dakota requests expedited treatment of this request for transfer in order for the citizens of White Earth to realize the benefits of the transfer and to facilitate the orderly development of electric infrastructure in this area of North Dakota.

Please refer all inquiries regarding this filing to:

Tamie A. Aberle
Regulatory Affairs Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

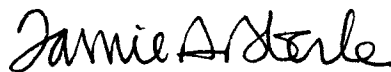
Also, please send copies of all written inquiries, correspondence and pleadings to:

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

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
Regulatory Affairs Manager

Attachments
cc: Daniel S. Kuntz