



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

October 24, 2011

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

Re: Notice of Intent to Construct a
Natural Gas Pipeline to serve
Proposed 88 MW Simple Cycle
Combustion Turbine
Case No. PU-11-___

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota) submits this Letter of Intent to file an Application for a Certificate of Corridor Compatibility and Route Permit in accordance with North Dakota Century Code (NDCC) Section 49-22-07.1 and North Dakota Administrative Code (NDAC) Chapter 69-06-03-0 1 for a 10-inch natural gas pipeline. The proposed pipeline is required to transport natural gas to Montana-Dakota's proposed 88 MW Simple Cycle Combustion Turbine (Turbine) to be located near the Company's Heskett Generating Station north of Mandan, North Dakota.

Montana-Dakota is requesting that the Commission waive, pursuant to NDCC Section 49-22-07.2 and NDAC Chapter 69-06-03-01, the requirement to file the Letter of Intent at least one year prior to the filing of an application for a certificate, as Montana-Dakota anticipates that the siting application will be filed in the first quarter of 2012. Due to the long lead time in the construction of the pipeline necessary to fuel the Turbine, Montana-Dakota requires a waiver in order to complete the pipeline facilities installed by late 2013.

Montana-Dakota is also herewith requesting a waiver of the procedures and time schedules set forth in NDCC Section 49-22 and NDAC Chapters 69-06-04 and 69-06-05 to allow a combined Application for a Certificate of Corridor Compatibility and Route Permit. This waiver is required to meet the project milestones provided in Attachment B and the in-service date for the Turbine.

As required by NDAC Chapter 69-06-03-02, Montana-Dakota provides the following information regarding the proposed pipeline project:

1. Description of the size and type of facility, and the area to be served.

Montana-Dakota is planning to construct approximately 24 miles of 10-inch diameter natural gas pipeline to supply the natural gas requirements for the Turbine. The pipeline will originate at a new town border station to be installed on Northern Border Pipeline Company's system near St. Anthony, North Dakota. The pipeline will terminate at the Turbine site. The pipeline will be a 10-inch diameter, steel pipeline with a maximum allowable operating pressure of 1,440 psig.

2. Map of the study area for the proposed site.

Please see Attachment A for the map of the proposed route corridor.

3. Anticipated construction and operation schedule.

Montana-Dakota plans to commence construction of the Project during the second quarter of 2013 with an expected completion date by the end of the 4th quarter of 2013. A more detailed timeline is included as Attachment B.

4. Estimate of the total cost of construction.

The estimated cost of the Pipeline, excluding Allowance for Funds Used During Construction (AFUDC), is \$18.4 million.

Please refer all inquiries regarding this filing to:

Ms. Tamie 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:

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

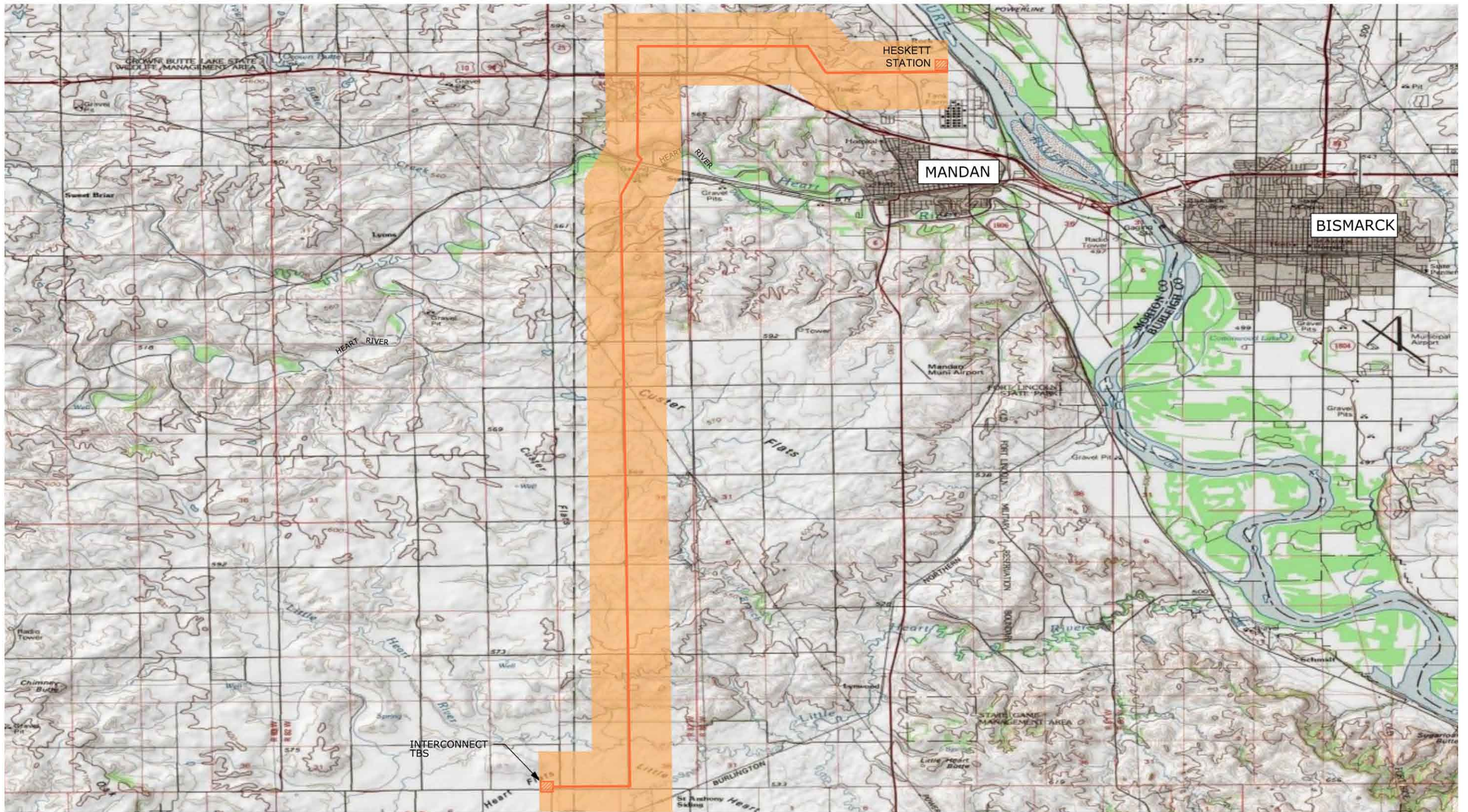
The original and ten (10) copies of this Letter of Intent are hereby filed with the Commission.

Sincerely,



Tamie A. Aberle
Regulatory Affairs Manager

Attachments



LEGEND

— DENOTES PROPOSED PIPELINE ROUTE CORRIDOR



Montana-Dakota Utilities Co.
Heskett Station
Natural Gas Pipeline Project

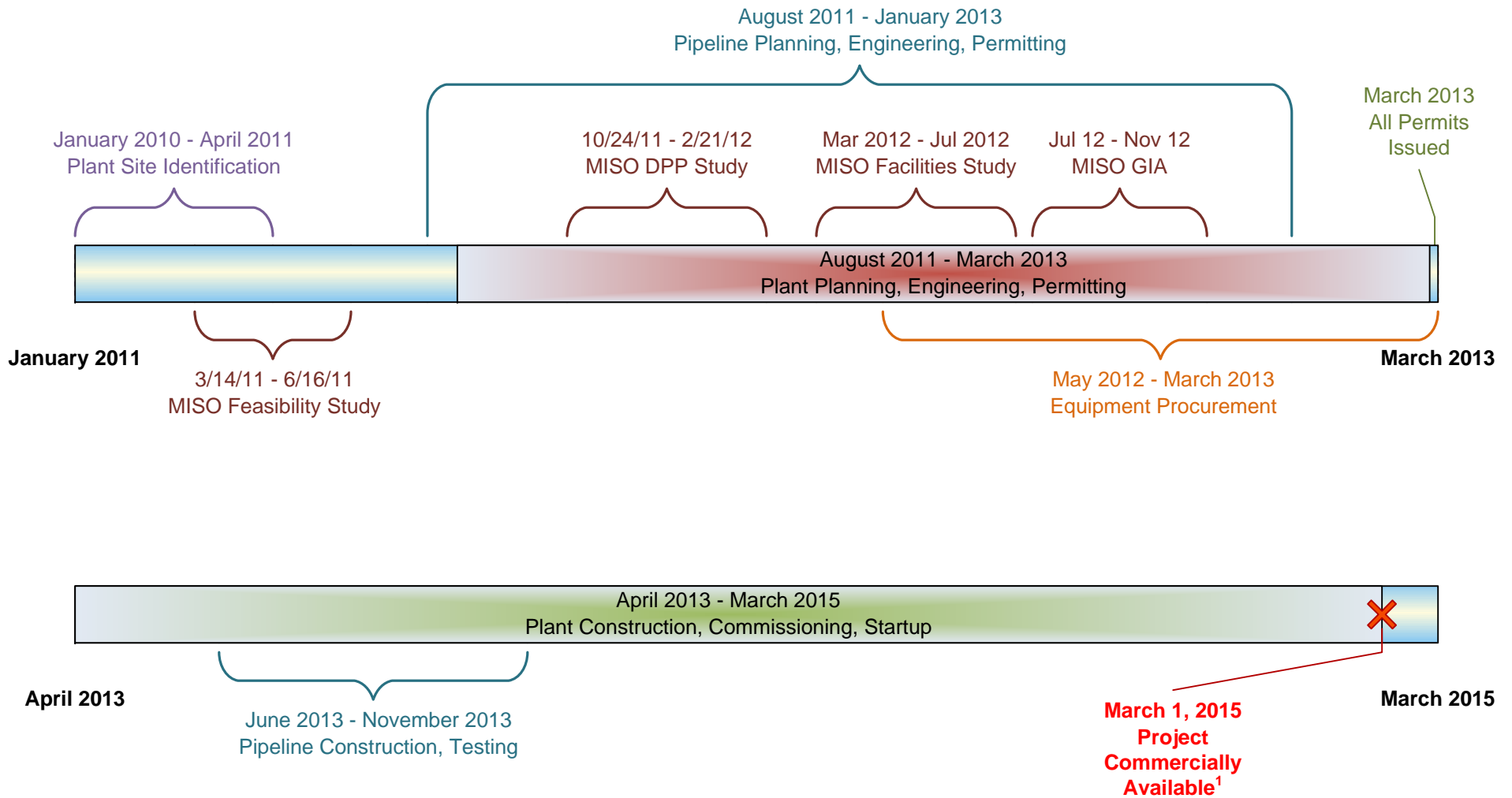
ATTACHMENT A
SITE LOCATION MAP



ProSource
TECHNOLOGIES, INC.

ATTACHMENT B

TIMELINE & MILESTONES FOR A PROPOSED NATURAL GAS SIMPLE CYCLE COMBUSTION TURBINE NEAR THE R.M. HESKETT STATION NORTH OF MANDAN, ND



¹ Commercially Available means the plant has achieved initial commercial production at 100% of rated capacity.

The timeline and milestones are preliminary and subject to change during detailed engineering.

