



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

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APR 16 2012

PUBLIC SERVICE COMMISSION

April 16, 2012

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, 2011 consisting of:

- North Dakota Electric and Gas Annual Reports
- ✓ North Dakota Electric and Gas Cost of Service Studies
- Report of Independent Public Accountants
- 2011 Annual Report to Stockholders
- FERC Form No. 1

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

Enclosures

NORTH DAKOTA COST OF SERVICE STUDY

GAS OPERATIONS

2011

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2011

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<u>Operating Revenues</u>			
Sales Revenues			
Residential	\$142,575,888	\$57,165,728	\$85,410,160
Firm General	92,768,006	39,829,907	52,938,099
Small Interruptible	9,847,300	6,289,532	3,557,768
Large Interruptible	440,738	20,810	419,928
Unbilled Revenue	<u>(3,316,438)</u>	<u>(1,506,768)</u>	<u>(1,809,670)</u>
Total Sales Revenues	242,315,494	101,799,209	140,516,285
Transportation Revenues			
Small Interruptible	1,364,973	545,782	819,191
Large Interruptible	2,364,366	1,281,501	1,082,865
Unbilled Revenue	1,922	6,427	<u>(4,505)</u>
Total Transportation Revenues	<u>3,731,261</u>	<u>1,833,710</u>	<u>1,897,551</u>
Other Operating Revenues	1,630,614	976,727	653,887
Total Operating Revenues	<u>\$247,677,369</u>	<u>\$104,609,646</u>	<u>\$143,067,723</u>
<u>Operating Expenses</u>			
Operation and Maintenance			
Cost of Purchased Gas	\$179,121,296	\$78,480,201	\$100,641,095
Production	656,272	286,688	369,584
Other Gas Supply	256,988	111,917	145,071
Distribution	16,088,668	7,370,016	8,718,652
Customer Accounts	6,150,210	2,364,312	3,785,898
Customer Service & Information	404,637	190,995	213,642
Sales	434,793	167,840	266,953
Administrative & General	<u>14,572,686</u>	<u>6,260,817</u>	<u>8,311,869</u>
Total O&M Expenses	217,685,550	95,232,786	122,452,764
Depreciation			
Production	353,594	154,465	199,129
Distribution	7,685,897	2,761,426	4,924,471
General	643,734	199,367	444,367
Common	694,850	211,154	483,696
Amort. of Intangible Plant - General	55,248	55,248	0
Amort. of Intangible Plant - Common	378,004	135,426	242,578
Amort. of Acquisition Adjustment	2,819	2,819	0
Total Depreciation Expense	<u>9,814,146</u>	<u>3,519,905</u>	<u>6,294,241</u>

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2011

	<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	224,065	97,881	126,184
Distribution	3,158,386	583,842	2,574,544
General	217,734	52,450	165,284
Common	366,005	51,680	314,325
Intangible	16,559	15,886	673
Total Ad Valorem Taxes	<u>3,982,749</u>	<u>801,739</u>	<u>3,181,010</u>
Other Taxes	<u>2,155,325</u>	<u>697,704</u>	<u>1,457,621</u>
Total Taxes Other Than Income Taxes	<u>6,138,074</u>	<u>1,499,443</u>	<u>4,638,631</u>
Current Income Taxes	(11,756,557)	(4,055,284)	(7,701,273)
Deferred Income Taxes	<u>13,390,065</u>	<u>4,309,729</u>	<u>9,080,336</u>
Total Operating Expenses	<u>\$235,271,278</u>	<u>\$100,506,579</u>	<u>\$134,764,699</u>
Operating Income	<u><u>\$12,406,091</u></u>	<u><u>\$4,103,067</u></u>	<u><u>\$8,303,024</u></u>
Year End Rate Base	<u><u>\$134,813,938</u></u>	<u><u>\$39,576,357</u></u>	<u><u>\$95,237,581</u></u>
Rate of Return	<u><u>9.20%</u></u>	<u><u>10.37%</u></u>	<u><u>8.72%</u></u>

MONTANA-DAKOTA UTILITIES CO.
YEAR END RATE BASE
GAS UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2011

	Total Company	North Dakota	Others
<u>Plant in Service</u>			
Gas Plant in Service			
Production	\$10,778,167	\$4,708,374	\$6,069,793
Distribution	255,872,326	91,393,701	164,478,625
General	30,507,333	9,877,802	20,629,531
Intangible Plant - General	2,639,775	2,364,795	274,980
Common	21,351,029	6,319,321	15,031,708
Intangible Plant - Common	9,609,576	3,442,801	6,166,775
Acquisition Adjustment	97,266	97,266	0
Total Gas Plant in Service	<u>330,855,472</u>	<u>118,204,060</u>	<u>212,651,412</u>
Accumulated Reserve for Depreciation			
Production	353,594	154,465	199,129
Distribution	148,472,945	57,303,639	91,169,306
General	12,131,655	4,512,525	7,619,130
Intangible Plant - General	657,490	382,509	274,981
Common	8,208,163	3,329,453	4,878,710
Intangible Plant - Common	7,487,682	2,682,598	4,805,084
Acquisition Adjustment	52,392	52,392	0
Total Accum. Reserve for Depreciation	<u>177,363,921</u>	<u>68,417,581</u>	<u>108,946,340</u>
Net Gas Plant in Service	153,491,551	49,786,479	103,705,072
CWIP in Service Pending Reclass.	2,807,343	1,407,106	1,400,237
Total Gas Plant in Service	<u>\$156,298,894</u>	<u>\$51,193,585</u>	<u>\$105,105,309</u>
<u>Additions</u>			
Materials and Supplies	2,252,555	1,027,459	1,225,096
Fuel Stocks	29,620	29,620	0
Prepayments/Demand Charges	1,311,489	35,062	1,276,427
Gas in Underground Storage	7,566,846		7,566,846
Other	125,422		125,422
Unamortized Loss on Debt	1,836,527	597,360	1,239,167
Total Additions	<u>13,122,459</u>	<u>1,689,501</u>	<u>11,432,958</u>
Total Before Deductions	\$169,421,353	\$52,883,086	\$116,538,267
<u>Deductions</u>			
Accumulated Deferred Income Taxes	29,609,826	9,953,454	19,656,372
Accumulated Investment Tax Credits	6,526	5,335	1,191
Customer Advances	4,991,063	3,347,940	1,643,123
Total Deductions	<u>34,607,415</u>	<u>13,306,729</u>	<u>21,300,686</u>
Year End Rate Base	<u><u>\$134,813,938</u></u>	<u><u>\$39,576,357</u></u>	<u><u>\$95,237,581</u></u>