



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

RECEIVED

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

**REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS**

2011

INDEPENDENT AUDITORS' REPORT

To the Managing Committee of
Montana-Dakota Utilities Co.:

We have audited the calculations of the Cost of Gas Adjustment (COG) and Fuel Cost Adjustment (FCA) shown on the accompanying schedules and included in the monthly filings of Montana-Dakota Utilities Co. (the "Company"), a division of MDU Resources Group Inc., for the year ended December 31, 2011, based upon Chapters 69-09-01-30 and 69-09-02-39 of the North Dakota Administrative Code (the "Code") and Cost of Gas Rate 88 and Fuel Clause Rate 58 (the "Tariffs") filed by the Company with the North Dakota Public Service Commission (the "Commission"). These calculations of the COG and FCA are the responsibility of the Company's management. Our responsibility is to express an opinion on the calculations of the COG and FCA based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the calculations are free of material misstatement. An audit includes consideration of internal control over financial reporting as it relates to the calculations as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting as it relates to the calculations. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the calculations, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the calculations. We believe that our audits provide a reasonable basis for our opinion.

The accompanying schedules were prepared for the purpose of complying with Chapters 69-09-01-30 and 69-09-02-39 of the Code and are not intended to be a complete presentation of the Company's revenues and expenses.

In our opinion, the accompanying schedules present fairly, in all material respects, the calculations of the COG and FCA for the year ended December 31, 2011, in accordance with the Code and Tariffs approved by the Commission.

This report is intended solely for the information and use of the Managing Committee of the Company and the Commission and should not be used for any other purposes.

Deloitte & Touche LLP

April 2, 2012

MONTANA-DAKOTA UTILITIES CO.

**SCHEDULE OF 2011 AUTOMATIC ADJUSTMENT CLAUSE
CALCULATIONS FOR THE COST OF GAS ADJUSTMENT**

	Adjustments per Dekatherm		
	Residential and General Service	Small and Large Interruptible	Air Force Interruptible
Effective for the month of:			
January	\$ 0.482	\$ 0.488	\$ 0.486
February	0.157	0.147	0.146
March	0.166	0.167	0.167
April	(0.314)	(0.300)	(0.299)
May	0.275	0.290	0.289
June (1)	N/A	N/A	N/A
July (1)	N/A	N/A	N/A
August (1)	N/A	N/A	N/A
September (1)	N/A	N/A	N/A
October	(0.260)	(0.163)	(0.226)
November (1)	N/A	N/A	N/A
December	(0.159)	(0.199)	(0.198)

(1) No COG filing was required for the indicated month pursuant to COG Rate 88 since the adjustment was less than \$0.10 per dekatherm.

MONTANA-DAKOTA UTILITIES CO.

**SCHEDULE OF 2011 AUTOMATIC ADJUSTMENT CLAUSE
CALCULATIONS FOR THE FUEL COST ADJUSTMENT**

	<u>Fuel Cost Adjustments per Kilowatt Hour</u>		
	<u>Primary (1)</u>	<u>Secondary (1)</u>	<u>All Customers (2)</u>
Effective for the month of:			
January			\$ 0.00977
February			0.00868
March			0.01005
April			0.01004
May			0.00931
June			0.00803
July	\$ 0.00196 (3)	\$ 0.00153 (3)	0.00745
August	0.00100	0.00057	
September	0.00273	0.00232	
October	0.00379	0.00388	
November	0.00415	0.00445	
December	0.00482	0.00536	

(1) Excludes base cost of fuel of fuel of \$0.02024 for primary service customers and \$0.02087 for secondary customers. Includes margin sharing adjustment of \$0.00200, and deferred generation development costs of \$0.00161.

(2) Excludes base cost of fuel of \$0.01303 per Kwh. Includes deferred generation development costs of \$0.00201

(3) Effective with service rendered July 22, 2011.