



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

ELECTRIC OPERATIONS

2011

MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC 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	\$87,881,583	\$53,578,078	\$34,303,505
Small General	26,606,747	10,071,882	16,534,865
Large General	93,316,669	62,111,365	31,205,304
Lighting Service	3,254,386	1,984,377	1,270,009
Municipal Pumping Service	2,410,874	1,899,602	511,272
Sales for Resale	1,569,446	1,023,519	545,927
Margin Sharing Adjustment	2,302,945	1,815,479	487,466
Unbilled Revenue	(1,103,689)	(834,828)	(268,861)
Reserve for Refunds	(640,000)	(640,000)	0
Total Sales Revenues	<u>215,598,961</u>	<u>131,009,474</u>	<u>84,589,487</u>
Other Operating Revenues	8,794,210	5,453,500	3,340,710
Total Operating Revenues	<u>\$224,393,171</u>	<u>\$136,462,974</u>	<u>\$87,930,197</u>
<u>Operating Expenses</u>			
Operation and Maintenance			
Cost of Fuel & Purchased Power	\$64,484,834	\$36,681,268	\$27,803,566
Production	24,795,762	15,551,178	9,244,584
Transmission	9,150,557	6,486,288	2,664,269
Distribution	11,708,697	6,915,801	4,792,896
Customer Accounts	3,622,667	2,170,025	1,452,642
Customer Service & Information	405,839	275,987	129,852
Sales	216,637	155,503	61,134
Administrative & General	19,197,165	11,811,765	7,385,400
Total O&M Expenses	<u>133,582,158</u>	<u>80,047,815</u>	<u>53,534,343</u>
Depreciation			
Production	19,543,370	13,268,467	6,274,903
Transmission	2,871,085	2,030,827	840,258
Distribution	6,763,209	4,041,671	2,721,538
General	547,746	363,413	184,333
Common	938,189	552,985	385,204
Amort. of Intangible Plant - General	540,302	362,409	177,893
Amort. of Intangible Plant - Common	573,008	349,273	223,735
Amort. of Acquisition Adjustment	228,242	159,763	68,479
Total Depreciation Expense	<u>32,005,151</u>	<u>21,128,808</u>	<u>10,876,343</u>

**MONTANA-DAKOTA UTILITIES CO.
INCOME STATEMENT
ELECTRIC 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	1,516,776	974,446	542,330
Transmission	1,174,200	635,945	538,255
Distribution	2,545,371	926,296	1,619,075
General	167,480	53,095	114,385
Common	305,641	151,191	154,450
Intangible	41,874	25,490	16,384
Total Ad Valorem Taxes	<u>5,751,342</u>	<u>2,766,463</u>	<u>2,984,879</u>
Other Taxes	<u>3,683,580</u>	<u>2,060,415</u>	<u>1,623,165</u>
Total Taxes Other Than Income Taxes	<u>9,434,922</u>	<u>4,826,878</u>	<u>4,608,044</u>
Current Income Taxes	(13,851,837)	(8,477,328)	(5,374,509)
Deferred Income Taxes	<u>21,167,194</u>	<u>12,994,926</u>	<u>8,172,268</u>
Total Operating Expenses	<u>\$182,337,588</u>	<u>\$110,521,099</u>	<u>\$71,816,489</u>
Operating Income	<u><u>\$42,055,583</u></u>	<u><u>\$25,941,875</u></u>	<u><u>\$16,113,708</u></u>
Year End Rate Base	<u><u>\$427,287,956</u></u>	<u><u>\$252,586,735</u></u>	<u><u>\$174,701,221</u></u>
Rate of Return	<u><u>9.84%</u></u>	<u><u>10.27%</u></u>	<u><u>9.22%</u></u>

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

	<u>Total Company</u>	<u>North Dakota</u>	<u>Others</u>
<u>Plant in Service</u>			
Electric Plant in Service			
Steam Production	\$370,609,935	\$214,537,300	\$156,072,635
Other Production	153,332,980	103,317,429	50,015,551
Total Production	<u>523,942,915</u>	<u>317,854,729</u>	<u>206,088,186</u>
Transmission	166,500,923	111,693,092	54,807,831
Distribution	250,027,852	147,132,263	102,895,589
General	21,914,789	13,338,906	8,575,883
Common	28,574,920	17,059,267	11,515,653
Intangible Plant - General	9,016,593	5,546,840	3,469,753
Intangible Plant - Common	14,281,598	8,705,241	5,576,357
Acquisition Adjustment	10,387,643	7,271,066	3,116,577
Total Electric Plant in Service	<u>1,024,647,233</u>	<u>628,601,404</u>	<u>396,045,829</u>
Accumulated Reserve for Depreciation			
Steam Production	211,177,333	138,488,739	72,688,594
Other Production	26,902,692	18,369,821	8,532,871
Total Production	<u>238,080,025</u>	<u>156,858,560</u>	<u>81,221,465</u>
Transmission	84,617,230	54,931,899	29,685,331
Distribution	123,820,159	70,072,940	53,747,219
General	8,944,557	5,337,294	3,607,263
Common	14,446,926	9,022,708	5,424,218
Intangible Plant - General	6,147,613	3,804,839	2,342,774
Intangible Plant - Common	11,049,750	6,735,292	4,314,458
Acquisition Adjustment	9,919,323	6,943,255	2,976,068
Total Accum. Reserve for Depreciation	<u>497,025,583</u>	<u>313,706,787</u>	<u>183,318,796</u>
Net Electric Plant in Service	527,621,650	314,894,617	212,727,033
CWIP in Service Pending Reclass.	5,962,484	4,152,609	1,809,875
Total Electric Plant in Service	<u>\$533,584,134</u>	<u>\$319,047,226</u>	<u>\$214,536,908</u>
<u>Additions</u>			
Materials and Supplies	12,170,851	7,842,265	4,328,586
Fuel Stocks	5,867,402	3,826,444	2,040,958
Prepayments	166,693	105,310	61,383
Unamortized Loss on Debt	6,874,461	4,046,415	2,828,046
Total Additions	<u>25,079,407</u>	<u>15,820,434</u>	<u>9,258,973</u>
Total Before Deductions	\$558,663,541	\$334,867,660	\$223,795,881
<u>Deductions</u>			
Accumulated Deferred Income Taxes	127,061,463	80,861,505	46,199,958
Accumulated Investment Tax Credits	864,691	864,672	19
Customer Advances	3,449,431	554,748	2,894,683
Total Deductions	<u>131,375,585</u>	<u>82,280,925</u>	<u>49,094,660</u>
Year End Rate Base	<u><u>\$427,287,956</u></u>	<u><u>\$252,586,735</u></u>	<u><u>\$174,701,221</u></u>