

April 8, 2014

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case Nos. PU-14-143
Application for Approval of its Annual
Update to the Environmental Cost
Recovery Rider Rate 57

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval an original and (7) copies of the Company's Application for approval to update the Environmental Cost Recovery Rider (ECRR) Rate 57 tariff, pursuant to North Dakota Century Code (NDCC) 49-05-04.2 and the provisions of Paragraph 2c of its Rate 57 tariff. Montana-Dakota requests approval of Environmental Cost Recovery Rider Rate 57 3rd Revised Sheet No. 41.1, provided herein as Exhibit 1, to be effective with service rendered on and after July 1, 2014.

Montana-Dakota is requesting to update its ECRR rates to reflect actual costs incurred through February 2014 and projected costs through June 2015. The updated forecast includes a new project budget of \$384 million, which decreases the costs approximately five percent from the current budget of \$405 million. As shown in Exhibit 2, the projected revenue requirement, as allocated to North Dakota, is \$6,098,751 with a projected under recovery of the current period's costs of \$2,476,673 for a total cost of \$8,575,424 to be recovered through the ECRR rates over the period July 1, 2014 through June 30, 2015. A typical residential customer using 894 Kwh would see an increase of \$2.32 per month under the proposed ECRR rate. The following ECRR rates per Kwh are proposed and the change from the current ECRR implemented January 15, 2014 is as follows:

	Proposed \$/Kwh	Current \$/Kwh	Change
Residential and Small General	\$0.00463	\$0.00203	\$0.00260
Large General	\$0.00386	\$0.00164	\$0.00222
Lighting	\$0.00280	\$0.00120	\$0.00160

Please refer all inquiries regarding this filing to:

Tamie A. Aberle
Director of Regulatory Affairs
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 submits a check in the amount of \$10,000.00. This application is an annual filing which simply updates the ECRR factor and should not require the amount of time and expense required in an initial application for a tariff filed under NDCC §49-05-04.2.2. Montana-Dakota requests the fee be reduced to \$10,000.00 and is therefore submitting a filing fee of \$10,000.00 with this Application. Montana-Dakota will submit additional funds as ordered by the Commission up to the \$100,000.00 amount required by 49-05-04.2(2)d. 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
Director of Regulatory Affairs

Attachments
cc: Daniel S. Kuntz

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc.)
for Approval of its Annual Update to the) Case Nos. PU-14-143
Environmental Cost Recovery Rider)
Rate 57)

I. Summary of Application

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota or Applicant), herewith submits this Application for approval of its annual update to the Environmental Cost Recovery Rider (ECRR) tariff, pursuant to North Dakota Century Code 49-05-04.2(c) and the provisions of Paragraph 2c of its Rate 57 tariff as approved in Case Nos. PU-13-83 and PU-13-85 on December 18, 2013. Montana-Dakota requests approval of its Environmental Cost Recovery Rider Rate 57 tariff, 3rd Revised Sheet No. 41.1 to be effective with service rendered on and after July 1, 2014. In support of this application, Montana-Dakota is providing the following Exhibits:

- Exhibit 1 – Environmental Cost Recovery Rider Rate 57 3rd Revised Sheet No. 41.1
- Exhibit 2 – Environmental Cost Recovery Rider
- Exhibit 3 – ECRR Balancing Account
- Exhibit 4 – AQCS Project’s Actual Revenue Requirement for January 2013 through Projected March 2014
- Exhibit 5 – AQCS Project’s Revenue Requirement for April 2014 through June 2014
- Exhibit 6 – AQCS Project’s Projected Revenue Requirement for July 2014 through June 2015
- Exhibit 7 – Schedule of AQCS Project Costs

II. Description of Applicant

Montana-Dakota is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under NDCC Title 49. Montana-Dakota's Certificate of Incorporation and amendments thereto have been previously filed with the Commission and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein. Montana-Dakota provides electric service to approximately 86,000 customers in North Dakota as of February 2014.

III. Environmental Cost Recovery Rider (ECRR) Rate 57

On February 11, 2013, Montana-Dakota filed an Environmental Cost Recovery Rider tariff and proposed rates in Case Nos. PU-13-83 and PU-13-85 to recover the allocated jurisdictional costs incurred in complying with federal environmental mandates at the Big Stone generating station. On May 31, 2013, Montana-Dakota filed revisions to its Application. On December 18, 2013, the Commission approved Montana-Dakota's Environmental Cost Recovery Rider tariff and rates. The Company implemented the rates in the table below effective with service rendered on and after January 15, 2014 and reflect a recovery period through March 2014 as stated in Paragraph 2 of the Commission's December 18, 2013 Order.

	<u>Rate/Kwh</u>
Residential and Small General	\$0.00203
Large General	\$0.00164
Lighting	\$0.00120

Recognizing the recent implementation of the current ECRR rates, Otter Tail and Montana-Dakota informed the North Dakota Public Service Commission Staff in January 2014 of the companies' intentions to file applications at the end of March 2014 to update the companies' respective environmental trackers to be effective with service rendered on and after July 1, 2014. Staff acknowledged the companies' concerns recognizing that while the March filing would provide limited data, delaying further would not provide for the gradual increase in rates that the riders provide as the project moves forward.

Therefore in keeping in line with the tenet of the tariff and in recognizing the revenue requirement time period reflected in the current ECRR rates implemented January 15, 2014, Montana-Dakota is requesting to update its ECRR rates to reflect actual costs incurred through February 2014 and projected costs through June 2015 pursuant to Paragraph 2c of its Rate 57 tariff. The updated forecast includes a new project budget of \$384 million, which decreases the costs approximately five percent from the current budget of \$405 million. As shown in Exhibit 2, the projected revenue requirement, as allocated to North Dakota, is \$6,098,751 with a projected under recovery of the current period's costs of \$2,476,673 for a total cost of \$8,575,424 to be recovered through the ECRR rates over the period July 1, 2014 through June 30, 2015.

IV. Calculation of the Proposed ECRR Rates

Pursuant to the provisions of the Environmental Cost Recovery Rider Rate 57 tariff, the following exhibits show the derivation of the proposed ECRR rates:

- *Exhibit 2* shows the Proposed ECRR rates and the allocation of the total costs to

each of the rate classes, excluding customers served under special contracts (per Paragraphs 2a and 2b of Rate 57). Total project costs include the projected ECRR balance remaining as of June 30, 2014 and the projected revenue requirement for the time period July 1, 2014 through June 30, 2015. Project costs are then allocated to the rate classes based on the Company's AED Factor No. 2 from the Company's most recent general rate case (PU-10-124) and divided by the forecasted sales for the same time period.

- *Exhibit 3* shows the ECRR Balancing Account (per Paragraph 2d of Rate 57). As shown in Exhibit 3, Montana-Dakota maintains a balancing account where the actual monthly expenses are tracked against the revenue received through the ECRR. Any over or under recovery is assessed a carrying charge at the three month Treasury Bill rate as published monthly by the Federal Reserve Board. The significant under recovery of expenses included in the proposed rates is a result of the timing on the outlaying of costs and the ultimate recovery of these costs in rates.
- *Exhibit 4* shows the actual monthly revenue requirements related to the AQCS project for the time period January 2013 through February 2014 and projected March 2014. Exhibit 4 includes the return on CWIP, at the Company's authorized rate of return as approved in Montana-Dakota's most recent general rate case (PU-10-124), and as provided in Paragraph 2a of the Company's Rate 57 tariff.
- *Exhibit 5* shows the projected monthly revenue requirements related to the AQCS project for the time period April 2014 through June 2014.

- *Exhibit 6* shows the projected monthly revenue requirements related to the AQCS project for the time period July 2014 through June 30, 2015.

V. AQCS Project Description and Cost Update

Otter Tail operates the Big Stone power plant ("Big Stone") near Big Stone City, South Dakota. The Big Stone plant is co-owned by NorthWestern Corporation d/b/a NorthWestern Energy, Montana-Dakota, and Otter Tail Power Company. In Case No. PU-11-163 the Commission approved Montana-Dakota's request for an Advanced Determination of Prudence (ADP) for the AQCS project. Otter Tail is required to install Air Quality Control System ("AQCS") equipment at its Big Stone Plant to reduce emissions of sulfur dioxide ("SO₂") and NOX. The AQCS equipment is required based on a Best Available Retrofit Technology ("BART"). The BART determination requires that the AQCS include flue gas desulfurization ("FGD") for SO₂ reduction, and selective catalytic reduction ("SCR") with SOFA for NOX reduction. Otter Tail projects that the Big Stone AQCS operation and emissions compliance will be completed by January 2016.

The ND ADP provides a complete description of the project and the analysis done by the owners of Big Stone to determine the appropriateness of the project. The project is on budget and schedule. The extremely cold winter conditions have had an impact on progress, but not put the project behind schedule.

The total cost estimate for the AQCS project is now \$384 million, a decrease of over 20 percent from the initial cost estimate. The majority of the decrease is due to reductions in project contingencies related to contracts for which work is well under way. While the remaining contingency is still over 10 percent of the total revised project

budget, the following contingency reductions amount to a decrease in project costs of \$18.5 million:

- Procurement contingencies were reduced by \$5 million as most procurements are nearly complete with actual delivery of the equipment and material to the site.
- At 30 percent complete, the contingency for the general work contractor is being decreased \$9 million.
- The boiler contingency is being decreased \$3 million as the material portion of the boiler contract has been delivered and is on site.
- The engineering contingency is being decreased \$1.5 million as 90 percent of the engineering is complete.

The remaining reduction in the budget comes from a combination of identified capital cost change items, including an increase of \$2.25 million not related to contingencies, a reduction in actual engineering costs of \$3.0 million (project engineering is now 90 percent complete) and a reduction in completed procurement costs of \$1.5 million. The net \$2.25 million reduction from these items, combined with the reduction in contingencies, accounts for the total AQCS budget reduction of approximately \$21 million from the current budget of \$405 million.

Montana-Dakota's ownership share in the Big Stone Plant is 22.7 percent, and therefore Montana-Dakota is responsible for 22.7 percent of the costs or \$87 million. Montana-Dakota's North Dakota jurisdictional share of this cost responsibility is approximately 72 percent or \$63 million.

In compliance with the December 18, 2013 Order in Cases No. PU-13-79 and PU-13-83, paragraph 3 which states "Otter Tail Power Company shall coordinate with

Montana-Dakota Utilities Co. its Environmental Cost Recovery Rider updates so the same joint costs appear in each company's filing", Exhibit 6 is a schedule of the total project costs used by both Otter Tail and Montana-Dakota.

VI. Statutory Requirements of the Environmental Cost Tracker

North Dakota Century Code 49-05-04.2.2 provides:

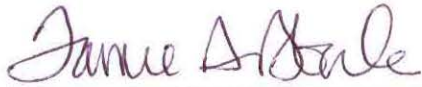
2. Rate adjustments filed under the tariff must be accompanied by:
 - a. A description and quantification of the costs and expenses incurred by the public utility to meet federal environmental mandates which are subject to recovery
 - b. A schedule for implementation of the applicable projects
 - c. Calculations to establish that the rate adjustment is consistent with the terms of the tariff, and
 - d. An application fee in the amount of one hundred thousand dollars. Upon request of the commission and with the approval of the emergency commission, the applicant shall pay such additional fees as are reasonably necessary for completion of the application process by the commission. The commission may waive or reduce the fee.

Sections 3, 4, and 5 in correlation with referenced exhibits meet the requirements of the above referenced statutes. Montana-Dakota is submitting a check in the amount of \$10,000.00. This application is an annual filing which simply updates the ECRR factor and should not require the amount of time and expense required in an initial application for a tariff filed under NDCC §49-05-04.2.2. Montana-Dakota will submit additional fund as ordered by the Commission up to the \$100,000.00 amount required by 49-05-04.2(2)d.

VII. Conclusion

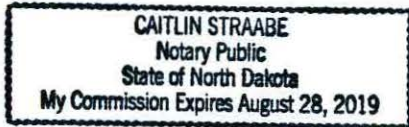
Montana-Dakota respectfully requests that the Commission approve its updated ECRR rates to be effective with service rendered on and after July 1, 2014 for the recovery of costs related to the Big Stone AQCS project.

Dated this 8th day of April, 2014.



Tamie A. Aberle
Director of Regulatory Affairs

Subscribed and sworn to before me this 8th day of April, 2014.



Caitlin Straabe, Notary Public
Burleigh County, North Dakota
My Commission Expires: 08/28/2019

Of Counsel:

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

Exhibit 1



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
3rd Revised Sheet No. 41.1
Canceling 2nd Revised Sheet No. 41.1

Environmental Cost Recovery Rider Rate 57

Page 2 of 2

4. Environmental Cost Recovery Rider:

Residential and Small General	0.463¢ per Kwh
Large General	0.386¢ per Kwh
Lighting	0.280¢ per Kwh

Date Filed: April 8, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-14-143

Tariff Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
2nd Revised Sheet No. 41.1
Canceling 1st Revised Sheet No. 41.1

Environmental Cost Recovery Rider Rate 57

Page 2 of 2

4. Environmental Cost Recovery Rider:

Residential and Small General	0.203463¢ per Kwh
Large General	0.464386¢ per Kwh
Lighting	0.420280¢ per Kwh

Date Filed:

Effective Date:

Issued By:

Case No.:

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider
Rate Proposed to be Effective July 2014**

Estimated Balance as of June 30, 2014 1/	\$2,476,673
Projected Big Stone CWIP Revenue Requirement July 1, 2014 through June 30, 2015 2/	<u>6,098,751</u>
Total Costs to be Recovered	<u><u>\$8,575,424</u></u>

	Embedded Class COS Factor #2	Total Projected Costs	Forecasted Sales 3/	\$/Kwh
Res & Small General (Rates 10, 13, 20 & 25)	50.759749%	\$4,352,864	940,829	0.00463
Large General (Rates 30, 31, 32, 38, 40, 48)	48.279940%	4,140,210	1,072,618	0.00386
Lighting (Rates 41 & 52)	0.960311%	82,351	29,399	0.00280
	<u>100.000000%</u>	<u>\$8,575,425</u>	<u>2,042,846</u>	

1/ Exhibit 3

2/ Exhibit 5

3/ North Dakota projected electric sales July 2014 - June 2015.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
ECRR Balancing Account
January 2013 through Projected June 2014

<u>Month</u>	<u>Beginning Balance</u>	<u>Carrying Charge 1/</u>	<u>Monthly Expenses 2/</u>	<u>ECRR Recovery</u>	<u>Ending Balance</u>
January 2013			\$61,130		\$61,130
February	\$61,130		65,194		126,324
March	126,324		80,204		206,528
April	206,528		84,551		291,079
May	291,079		92,410		383,489
June	383,489		112,759		496,248
July	496,248		138,590		634,838
August	634,838		173,755		808,593
September	808,593		209,169		1,017,762
October	1,017,762		235,491		1,253,253
November	1,253,253		256,940		1,510,193
December	1,510,193		279,351		1,789,544
January 2014	1,789,544		304,648	\$33,508	2,060,684
February	2,060,684	\$86	317,567	286,841	2,091,496
March - projected	2,091,496	87	336,653	286,000	2,142,236
April - projected	2,142,236	89	356,122	261,000	2,237,447
May - projected	2,237,447	93	373,500	261,000	2,350,040
June - projected	2,350,040	98	393,535	267,000	2,476,673
		<u>453</u>	<u>3,871,569</u>	<u>1,395,349</u>	

1/ Three month Treasury Bill rate as published by the Federal Reserve Board.

2/ Exhibit 4.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Actual Revenue Requirement
January 2013 through Projected March 2014

	Total 1/2013-3/2014	Actuals							
		Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	July 2013	Aug 2013
Rate Base									
Plant Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation		0	0	0	0	0	0	0	0
Net Plant in Service		0	0	0	0	0	0	0	0
CWIP (Allocated to ND) 1/		5,957,956	6,380,297	7,866,631	8,322,785	9,121,455	11,136,677	13,694,499	17,169,722
Less: AFUDC (Alloc to ND) 1/		27,817	56,002	86,257	120,705	157,152	198,408	250,416	314,370
CWIP Authorized to Earn a Return		5,930,139	6,324,295	7,780,374	8,202,080	8,964,303	10,938,269	13,444,083	16,855,352
Total Plant in Service		5,930,139	6,324,295	7,780,374	8,202,080	8,964,303	10,938,269	13,444,083	16,855,352
Average Rate Base 2/	\$17,774,262								
Return on Rate Base 3/	\$1,940,950	\$43,171	\$46,041	\$56,641	\$59,711	\$65,260	\$79,631	\$97,873	\$122,707
Total Expenses		0	0	0	0	0	0	0	0
Income before Taxes	0	0	0	0	0	0	0	0	0
Interest Expense	642,762	14,297	15,247	18,757	19,774	21,611	26,370	32,411	40,635
Taxable income	(642,762)	(14,297)	(15,247)	(18,757)	(19,774)	(21,611)	(26,370)	(32,411)	(40,635)
Income Taxes 4/	(246,485)	(5,483)	(5,847)	(7,193)	(7,583)	(8,287)	(10,112)	(12,429)	(15,583)
Operating Income	\$246,485	5,483	5,847	7,193	7,583	8,287	10,112	12,429	15,583
Revenue Requirement	\$2,748,412	\$61,130	\$65,194	\$80,204	\$84,551	\$92,410	\$112,759	\$138,590	\$173,755

1/ Allocated on Factor No. 15 Integrated System 12 Month Peak Demand. 71.256990% (2013 Factor)
72.227925% (2014 Factor)

2/ Average Rate Base for January 2013 through Projected March 2014.

3/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost	
Long Term Debt	41.084%	6.845%	2.812%
Short Term Debt	3.199%	2.535%	0.081%
Preferred Equity	2.380%	4.590%	0.109%
Common Equity	53.337%	10.750%	5.734%
	100.000%		8.736%

4/ Tax Rate 38.3475%
1- tax rate 61.6525%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Revenue Requirement
January 2013 through Projected March 2014

	Actuals						Projected
	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014
Rate Base							
Plant Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	0	0	0	0	0	0	0
Net Plant in Service	0	0	0	0	0	0	0
CWIP (Allocated to ND) 1/	20,685,281	23,317,477	25,458,912	27,748,737	30,316,280	31,569,564	
Less: AFUDC (Alloc to ND)	394,552	473,260	533,987	649,893	763,565	763,565	
CWIP Authorized to Earn a Re	20,290,729	22,844,217	24,924,925	27,098,844	29,552,715	30,805,999	32,657,612
Total Plant in Service	20,290,729	22,844,217	24,924,925	27,098,844	29,552,715	30,805,999	32,657,612
Average Rate Base 2/							
Return on Rate Base 3/	\$147,717	\$166,306	\$181,453	\$197,280	\$215,144	\$224,268	\$237,747
Total Expenses	0	0	0	0	0	0	0
Income before Taxes	0	0	0	0	0	0	0
Interest Expense	48,918	55,074	60,090	65,331	71,247	74,268	78,732
Taxable income	(48,918)	(55,074)	(60,090)	(65,331)	(71,247)	(74,268)	(78,732)
Income Taxes 4/	(18,759)	(21,120)	(23,043)	(25,053)	(27,321)	(28,480)	(30,192)
Operating Income	18,759	21,120	23,043	25,053	27,321	28,480	30,192
Revenue Requirement	\$209,169	\$235,491	\$256,940	\$279,351	\$304,648	\$317,567	\$336,653

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Projected Revenue Requirement
April 2014 through June 2014**

	Projected		
	April 2014	May 2014	June 2014
Rate Base			
Plant Balance	\$0	\$0	\$0
Accumulated Depreciation	0	0	0
Net Plant in Service	0	0	0
CWIP (Allocated to ND)	34,546,160	36,231,815	38,175,465
Total Plant in Service	34,546,160	36,231,815	38,175,465
Return on Rate Base 1/	\$251,496	\$263,768	\$277,917
Expenses			
Income before Taxes	0	0	0
Interest Expense	83,285	87,349	92,035
Taxable income	(83,285)	(87,349)	(92,035)
Income Taxes 2/	(31,938)	(33,496)	(35,293)
Operating Income	\$31,938	\$33,496	\$35,293
Revenue Requirement	\$356,122	\$373,500	\$393,535

1/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost	
Long Term Debt	41.084%	6.845%	2.812%
Short Term Debt	3.199%	2.535%	0.081% 2.893%
Preferred Equity	2.380%	4.590%	0.109%
Common Equity	53.337%	10.750%	5.734%
	100.000%		8.736%

2/ Tax Rate

1- tax rate 38.3475%

61.6525%

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Projected Revenue Requirement
July 2014 through June 2015

	Total 7/2014-6/2015	Projected					
		July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014
Rate Base							
Plant Balance		\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation		0	0	0	0	0	0
Net Plant in Service		0	0	0	0	0	0
CWIP (Allocated to ND)		39,891,447	41,516,022	43,190,787	44,698,967	46,039,250	47,315,859
Total Plant in Service		39,891,447	41,516,022	43,190,787	44,698,967	46,039,250	47,315,859
Average Rate Base 1/	\$49,301,516						
Return on Rate Base 2/	\$4,306,981	\$290,410	\$302,237	\$314,429	\$325,408	\$335,166	\$344,459
Expenses							
Income before Taxes	0	0	0	0	0	0	0
Interest Expense	1,426,294	96,172	100,088	104,126	107,762	110,993	114,071
Taxable income	(1,426,294)	(96,172)	(100,088)	(104,126)	(107,762)	(110,993)	(114,071)
Income Taxes 3/	(546,949)	(36,880)	(38,381)	(39,930)	(41,324)	(42,563)	(43,743)
Operating Income	\$546,949	\$36,880	\$38,381	\$39,930	\$41,324	\$42,563	\$43,743
Revenue Requirement	\$6,098,751	\$411,224	\$427,973	\$445,236	\$460,783	\$474,600	\$487,760

1/ Average rate base balance for July 2014 through June 2015.

2/ Capital structure authorized in Case No. PU-10-124

	Ratio	Cost	
Long Term Debt	41.084%	6.845%	2.812%
Short Term Debt	3.199%	2.535%	0.081%
Preferred Equity	2.380%	4.590%	0.109%
Common Equity	53.337%	10.750%	5.734%
	100.000%		8.736%

3/ Tax Rate 38.3475%
1- tax rate 61.6525%

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Environmental Cost Recovery Rider Adjustment - AQCS Project
Projected Revenue Requirement
July 2014 through June 2015**

	Projected					
	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015
Rate Base						
Plant Balance	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	0	0	0	0	0	0
Net Plant in Service	0	0	0	0	0	0
CWIP (Allocated to ND)	49,011,418	51,583,757	53,968,807	56,164,360	58,268,520	59,968,994
Total Plant in Service	49,011,418	51,583,757	53,968,807	56,164,360	58,268,520	59,968,994
Average Rate Base 1/						
Return on Rate Base 2/	\$356,803	\$375,530	\$392,893	\$408,877	\$424,195	\$436,574
Expenses						
Income before Taxes	0	0	0	0	0	0
Interest Expense	118,158	124,360	130,110	135,403	140,476	144,575
Taxable income	(118,158)	(124,360)	(130,110)	(135,403)	(140,476)	(144,575)
Income Taxes 3/	(45,311)	(47,689)	(49,894)	(51,924)	(53,869)	(55,441)
Operating Income	\$45,311	\$47,689	\$49,894	\$51,924	\$53,869	\$55,441
Revenue Requirement	\$505,238	\$531,756	\$556,342	\$578,976	\$600,667	\$618,196

Big Stone AQCS Budgeted Costs - Starting Balances for Otter Tail Power and Montana-Dakota Utilities

		2014										
		February	March	April	May	June	July	August	September	October	November	December
Monthly		\$10,627,402	\$11,293,253	\$11,518,533	\$10,281,054	\$11,854,602	\$10,466,029	\$9,908,518	\$10,214,635	\$9,198,607	\$8,174,588	\$7,786,218
Cumulative		\$175,197,887	\$186,491,140	\$198,009,673	\$208,290,727	\$220,145,329	\$230,611,358	\$240,519,876	\$250,734,511	\$259,933,118	\$268,107,706	\$275,893,924

		2015											
		January	February	March	April	May	June	July	August	September	October	November	December
Monthly		\$10,341,465	\$15,689,071	\$14,546,765	\$13,390,994	\$12,833,582	\$10,371,436	\$5,246,822	\$5,233,197	\$4,403,818	\$11,138,868	\$1,897,441	\$1,555,862
Cumulative		\$286,235,389	\$301,924,460	\$316,471,225	\$329,862,219	\$342,695,801	\$353,067,237	\$358,314,058	\$363,547,255	\$367,951,073	\$379,089,940	\$380,987,381	\$382,543,243

		2016											2017	
		January	February	March	April	May	June	July	August	September	October	November	December	Annual
Monthly		\$391,722	\$70,054	(\$6,008)	\$454,757	\$174,757	\$6,757	\$6,757	\$6,757	\$6,757	\$65,863	\$17,957	\$6,757	\$356,492
Cumulative		\$382,934,965	\$383,005,019	\$382,999,011	\$383,453,768	\$383,628,525	\$383,635,281	\$383,642,038	\$383,648,795	\$383,655,552	\$383,721,415	\$383,739,371	\$383,746,128	\$384,102,620

**Montana-Dakota Utilities Co.
Electric Utility
AQCS Plant Investment at Big Stone
Actual Costs through February 2014
Budgeted Costs through June 2015**

	<u>Total Net Cumulative Budget 1/</u>	<u>MDU's Allocated Share (22.7%)</u>	<u>ND's Allocated Share 72.227925%</u>	<u>Increase</u>	<u>Montana- Dakota</u>	<u>North Dakota</u>
Apr-13					\$11,679,956	\$8,202,080
May-13					12,800,786	8,964,303
Jun-13					15,628,891	10,938,269
Jul-13					19,218,464	13,444,083
Aug-13					24,095,492	16,855,352
Sep-13					29,029,125	20,290,729
Oct-14					32,723,073	22,844,217
Nov-13					35,728,301	24,924,925
Dec-13					38,941,775	27,098,844
Jan-14					41,973,074	29,552,715
Feb-14	\$175,197,887	\$39,769,920	\$28,724,988		43,565,138	30,805,999
Mar-14	186,491,140	42,333,489	30,576,601	\$1,851,613		32,657,612
Apr-14	198,009,673	44,948,196	32,465,149	1,888,548		34,546,160
May-14	208,290,727	47,281,995	34,150,804	1,685,655		36,231,815
Jun-14	220,145,329	49,972,990	36,094,454	1,943,650		38,175,465
Jul-14	230,611,358	52,348,778	37,810,436	1,715,982		39,891,447
Aug-14	240,519,876	54,598,012	39,435,011	1,624,575		41,516,022
Sep-14	250,734,511	56,916,734	41,109,776	1,674,765		43,190,787
Oct-14	259,933,118	59,004,818	42,617,956	1,508,180		44,698,967
Nov-14	268,107,706	60,860,449	43,958,239	1,340,283		46,039,250
Dec-14	275,893,924	62,627,921	45,234,848	1,276,609		47,315,859
Jan-15	286,235,389	64,975,433	46,930,407	1,695,559		49,011,418
Feb-15	301,924,460	68,536,852	49,502,746	2,572,339		51,583,757
Mar-15	316,471,225	71,838,968	51,887,796	2,385,050		53,968,807
Apr-15	329,862,219	74,878,724	54,083,349	2,195,553		56,164,360
May-15	342,695,801	77,791,947	56,187,509	2,104,160		58,268,520
Jun-15	353,067,237	80,146,263	57,887,983	1,700,474		59,968,994

1/ Exhibit 6, Page 1 of 2.