

August 30, 2017

Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

Re: Peak Rewards Program and Cost
Recovery Mechanism
Case No. PU-17-319

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota) herewith advises the North Dakota Public Service Commission (Commission) of the need to withdraw its request for approval of a Peak Rewards Program and Cost Recovery Mechanism Rate 105 tariff (Peak Rewards Program) submitted to the Commission on August 8, 2017.

The air conditioning (A/C) cycling demand response program was proposed to be available to residential customers with a cost recovery mechanism proposed to be applicable to all customer rate classes. The A/C program was proposed as an addition to Montana-Dakota's existing demand response portfolio in North Dakota that currently includes a Commercial Demand Response Program administered by a third party and the Company's current Interruptible Demand Response under Rate 38.

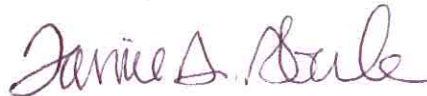
After submitting its request for approval of the A/C cycling program, Montana-Dakota received a request to approve the addition of approximately 15 MW of customer demand response to the Commercial Demand Response Program. The Company had previously assumed the ability to grow the Commercial Demand Response Program to a total of 15 MW by 2019. With the additional 15 MW of load being added under the program this year, it will bring the total participation in the program to almost 25 MW. Additionally, the 2018 preliminary load forecast was very recently completed with results indicating a reduction in capacity and energy requirements from the load forecast that otherwise supported the need for the A/C cycling program. Total integrated system sales for 2018 are now forecasted at approximately 1.6% less than the 2018 sales forecast performed in 2017 with the summer peak demand requirements projected to be approximately 0.4% less than originally projected. This updated load forecast, coupled with the addition of approximately 15 MW in the Commercial Demand Response

Program, results in the A/C cycling program no longer being a least cost resource in meeting the Company's capacity requirements as confirmed in updates to the integration process of the Integrated Resource Plan. The Thunder Spirit Wind Project addition continues to be selected as a least cost resource in meeting the Company's energy requirements. The Company will provide an update to the Integrated Resource Plan submitted in Case No. PU-17-267 in regard to the changes in the Base Case results based on the changes identified here.

Montana-Dakota respectfully requests authority to withdraw its filing submitted on August 8, 2017 designated as Case No. PU-17-319.

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,

A handwritten signature in dark ink, appearing to read "Tamie A. Aberle". The signature is fluid and cursive, with the first name being the most prominent.

Tamie A. Aberle
Director – Regulatory Affairs