



**MONTANA-DAKOTA**

**UTILITIES CO.**

*A Division of MDU Resources Group, Inc.*

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

June 30, 2011

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol  
Pierre, SD 57501

Re: 2010 Annual Renewable Energy Objective

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., hereby submits its 2011 report regarding South Dakota's renewable energy objective as required by SDCL 49-34A-105.

Sincerely,

Tamie A. Aberle  
Regulatory Affairs Manager

**Montana-Dakota Utilities Co.  
Renewable Energy Objective  
Annual Report to the South Dakota Public Utilities Commission  
July 1, 2011 Update**

**Requirement**

*SDCL 49-34A-105. Annual reports concerning renewable and recycled energy objective. Beginning on July 1, 2009, each retail provider shall annually report to the Public Utilities Commission on the provider's energy sales during the twelve month period ending on the preceding December thirty-first. This report shall include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales, the amount of conserved energy as a percentage of annual retail sales, and a brief narrative report that describes steps taken to meet the state renewable and recycled energy objective over time and identifies any challenges or barriers encountered in meeting the objective.*

**Report**

Montana-Dakota Utilities Co. (Montana-Dakota) provides electric service to customers in portions of Montana, North Dakota, and South Dakota through an integrated electric system which has generation and transmission facilities in each of those states. Customer power supply needs are met through a resource portfolio consisting of demand side management programs, Company owned generation comprised of coal fired resources, natural gas peaking capacity, renewable resources and purchased power contracts. The states comprising Montana-Dakota's integrated electric system all have adopted either a renewable energy objective or renewable energy standard.

The Company's electric retail sales in the State of South Dakota for the twelve month period ending December 31, 2010 were 146,693 MWh, representing approximately 6 percent of the Company's integrated system retail sales. As described further below, Montana-Dakota's generating resources produced 135,651 renewable energy credits (REC's) in 2010 with 8,243 REC's applicable to South Dakota. This resulted in 5.6 percent of the South Dakota retail load served from renewable resources. Montana-Dakota is disposing of the REC's allocated to South Dakota when prudent to do so.

Montana-Dakota has installed a number of renewable energy projects since the Company commenced commercial operation of its first wind farm in early 2008. The Company will continue to evaluate wind and other renewable resources in support of the objective in South Dakota and will incorporate such resources as part of its generation portfolio when reasonable and economic to do so.

Following is a description of the generating resources that supplied the REC's in 2010.

## Renewable Resources

- In February 2008, Montana-Dakota commenced commercial operation of Diamond Willow, a 19.5 MW wind farm near Baker, Montana. An additional 10.5 MW Diamond Willow expansion project commenced commercial operation on June 28, 2010. In calendar year 2010, Diamond Willow produced 67,957 REC's. This wind resource is registered on the Midwest Renewable Energy Tracking System (M-RETS) with a designated identifier of "M-152". The M-RETS Administrator issues one electronic Certificate for each MWh of energy generated by Diamond Willow and a unique serial number is assigned to each Certificate.
- In July 2009, Montana-Dakota began commercial operation of a 7.5 MW waste heat recovery generating station on the Northern Border Pipeline near Glen Ullin, North Dakota. In calendar year 2010, the Glen Ullin facility produced 37,165 REC's. This resource is registered on the M-RETS system with a designated identifier of "M-535".
- On June 6, 2010, Montana-Dakota commenced commercial operation of Cedar Hills, a 19.5 MW wind farm near Rhame, North Dakota. In calendar year 2010, Cedar hills produced 30,529 REC's. This wind resource is registered on the M-RETS system with a designated identifier of "M-584".

## Conserved Energy

In calendar year 2010, Montana-Dakota's conservation programs resulted in savings of 520 MWh.

The Commission's Reporting form is attached.

**Company:**

Montana-Dakota Utilities Co.

Calendar Year 2010 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	2,467,186	Montana-Dakota's Integrated System
SD (MWh)	146,693	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	541.0	Montana-Dakota's Integrated System
SD (MW)	107.8	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)		
Wind	49.5	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Other	7.5	Waste heat recovery unit
Total - All States (MW)	57.0	Montana-Dakota's Integrated System
<b>SD (MW)</b>		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MW)	0.0	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	0.0	
<b>Generated in SD (MWh)</b>		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0.0	

**Company:**

Montana-Dakota Utilities Co.

Calendar Year 2010 RREO Report	Value	Comments
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)		
Wind	70,039	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	70,039	
Generated In SD (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
<b>Conserved Energy &amp; Capacity</b>		
Conserved Energy (MWh)		
Total - All States	520	Montana-Dakota's Integrated System
SD	0.0	
Conserved Capacity (MW)		
Total - All States	7.1	Montana-Dakota's Integrated System
SD	0.0	