



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

December 17, 2009

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

Re: Application for Authority for
Deferred Accounting
Docket No. EL09- _____

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits an application for authority for deferred accounting for costs related to Montana-Dakota's efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case.

Please refer all inquiries regarding this filing to:

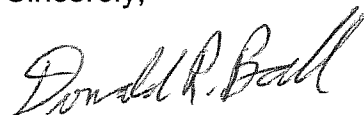
Mr. Donald R. Ball
Vice President – Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

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

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Sincerely,

A handwritten signature in cursive script that reads "Donald R. Ball".

Donald R. Ball
Vice President – Regulatory Affairs

Attachment
cc: D. Gerdes

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION)	DOCKET NO. EL09-_____
OF MONTANA-DAKOTA UTILITIES)	
CO., A DIVISION OF MDU RESOURCES)	APPLICATION FOR
GROUP, INC., FOR AUTHORITY FOR)	AUTHORITY FOR
DEFERERED ACCOUNTING)	DEFERRED ACCOUNTING

Montana-Dakota Utilities Co., (“Montana-Dakota”), a Division of MDU Resources Group, Inc., respectfully submits this Application for authority for deferred accounting for costs related to Montana-Dakota’s efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case.

I.

Montana-Dakota, a Division of MDU Resources Group, Inc., is a Delaware corporation duly authorized to do business in the State of South Dakota as a foreign corporation. Montana-Dakota is doing business in the State of South Dakota as a public utility.

II.

That Applicant’s full name and post office address are:

Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
400 North Fourth Street
Bismarck, North Dakota 58501

III.

Montana-Dakota has been in the process of developing new electric generation to meet the needs of its customers for a number of years including the Lignite Vision 21 Project and the Milton R. Young III Project. Most recently, Montana-Dakota actively participated in the planned development of the Big Stone II project as it represented the most viable option for new generation. The North Dakota Public Service Commission deemed the Big Stone II project prudent in Case No. PU-06-482. This Commission approved Big Stone II's construction permit in Docket No. EL06-002.

IV.

On September 11, 2009, Otter Tail Power Company elected to withdraw as an owner and operator of the Big Stone II project. The remaining project participants, including Montana-Dakota, sought but were unable to obtain commitments from new project participants largely because of regulatory, legislative and environmental concerns affecting the project, as well as the economic downturn.

V.

On November 2, 2009, Montana-Dakota and the remaining project participants determined it was no longer prudent to continue the development of the Big Stone II project at a size and cost that would be economically efficient.

VI.

To date, Montana-Dakota has incurred costs of approximately \$16 million in its efforts to secure needed new electric generation to meet the needs of its customers in the states of North Dakota, Montana and South Dakota. Montana-Dakota believes that such costs were prudently incurred and would have been capitalized as a cost of the Big Stone II Generation Station, or other generation, had it been built.

VII.

That absent deferred accounting the expenditures associated with the electric generation development activity would be required to be recorded as an expense rather than capitalized as an asset now that the Big Stone II project has been discontinued. Deferred accounting will allow capitalization of the development costs until addressed in the next general electric rate case.

VIII.


This Application is submitted in accordance with the provisions of the South Dakota Codified Laws and the rules and regulations promulgated by the Public Utilities Commission of the State of South Dakota and the Commission's filing guidelines.

IX.

Montana-Dakota requests that the Commission issue its order authorizing deferred accounting for Montana-Dakota of the costs related to Montana-Dakota's efforts in securing needed new electric generation to meet the needs of its customers, primarily the Big Stone II Generating Station, until disposition of its next general electric rate case.

Dated this 17th day of December, 2009.

MONTANA-DAKOTA UTILITIES CO.,
a Division of MDU Resources Group, Inc.

BY: 
DONALD R. BALL
Vice President – Regulatory Affairs

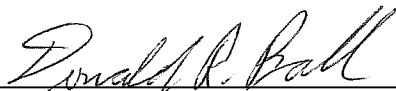
State of North Dakota)

:SS

County of Burleigh)

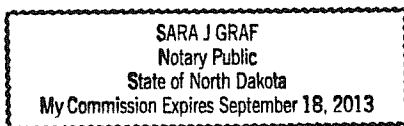
Donald R. Ball, being first duly sworn, deposes and says that he is the Vice President - Regulatory Affairs of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., that he has read the foregoing Application, knows the contents thereof, and that the same is true and correct to the best of his knowledge, information and belief.

Dated this 17th day of December, 2009.



Donald R. Ball
Vice President – Regulatory Affairs

Subscribed and sworn to before me this 17th day of December, 2009.



(SEAL)



Sara J Graf, Notary Public
Burleigh County, North Dakota
My Commission Expires: 9/18/2013

OF COUNSEL:

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

David A. Gerdes
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, SD 57501-0160
(605)224-8803
dag@magt.com