

**Montana-Dakota Utilites Co.
Gas Utility - South Dakota**

**Gas Conservation Tracking Adjustment Rate 90
Effective January 1, 2012**

	<u>Black Hills</u>	<u>East River</u>
Estimated DSM Balance as of December 31, 2011 1/	(\$12,021)	\$8,391
2011 DSM Incentive 2/	7,166	1,766
2012 Budget 3/	<u>67,803</u>	<u>15,680</u>
Gas DSM Costs to be Recovered	\$62,948	\$25,837
Projected Volumes 4/	<u>5,674,000</u>	<u>908,615</u>
CTA Rate Effective January 1, 2012	<u><u>\$0.011</u></u>	<u><u>\$0.028</u></u>

1/ Exhibit 2, Page 2.

2/ Exhibit 3.

3/ Exhibit 5.

4/ Projected volumes from January 1, 2012 through December 31, 2012.

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota
Conservation Program Activity
September 1, 2010 through December 31, 2011**

<u>Program Activity</u>	<u>Black Hills</u>	<u>East River</u>
Beginning Balance as of August 31, 2010 1/	(\$46,473)	(\$6,055)
Current Activity		
Actual Expenditures 2/	64,692	15,784
CTA Recovered 2/	<u>45,910</u>	<u>7,766</u>
Balance as of August 31, 2011	(\$27,691)	\$1,963
Estimated Activity September 1, 2011 - December 31, 2011		
Expenditures 3/	\$31,000	\$9,300
Recovery 4/	15,330	2,872
Estimated DSM Balance as of December 31, 2011	<u><u>(\$12,021)</u></u>	<u><u>\$8,391</u></u>

- 1/ Total Costs to be Recovered, Exhibit 2, Page 2 of 6, Docket No. NG10-009, effective November 1, 2010.
2/ Exhibit 2, Pages 3 and 4. Including the carrying charge.
3/ Estimated expenditures based on September 1, 2010 - December 31, 2010 program and administrative expenditures.
4/ Estimated CTA recovery based on projected volumes and CTA rate effective November 1, 2010 in Docket No. NG10-009.

<u>Projected Volumes</u>	<u>Black Hills</u>	<u>East River</u>
September	200,000	24,000
October	395,000	57,000
November	688,000	115,000
December	907,000	163,000
Total	<u>2,190,000</u>	<u>359,000</u>
Current CTA	\$0.007	\$0.008
Estimated Recovery	<u><u>\$15,330</u></u>	<u><u>\$2,872</u></u>

Montana-Dakota Utilities Co.
Gas Utility - South Dakota

Black Hills
Conservation Monthly Account Balances
September 2010 through August 2011

Month	Beginning Balance	Carrying Charge 1/	Current Month Charges	CTA Recovery	(Over)/Under Recovery
Previous Balance 2/					(\$46,473)
September 2010	(\$46,473)	(\$70)	\$5,304	\$2,604	(43,843)
October	(43,843)	(57)	7,692	3,217	(39,425)
November	(39,425)	(55)	8,108 3/	4,631	(36,003)
December	(36,003)	(50)	12,835	5,652	(28,870)
January 2011	(28,870)	(43)	7,260	7,002	(28,655)
February	(28,655)	(37)	7,184	6,213	(27,721)
March	(27,721)	(28)	4,872	6,404	(29,281)
April	(29,281)	(18)	2,378	3,689	(30,610)
May	(30,610)	(12)	2,203	2,873	(31,292)
June	(31,292)	(13)	2,470	1,888	(30,723)
July	(30,723)	(12)	1,248	929	(30,416)
August	(30,416)	(6)	3,539	808	(27,691)
Total		<u>(\$401)</u>	<u>\$65,093</u>	<u>\$45,910</u>	

1/ Reflects 90-day Treasury Bill rate.

2/ Total program costs to be recovered in Docket No. NG10-009, Exhibit 2, page 2 of 6.

3/ Reflects DSM incentive amount of \$4,049 authorized in Docket No. NG10-009.

Montana-Dakota Utilities Co.
Gas Utility - South Dakota

East River
Conservation Monthly Account Balances
September 2010 through August 2011

Month	Beginning Balance	Carrying Charge 1/	Current Month Charges	CTA Recovery	(Over)/Under Recovery
Previous Balance 2/					(\$6,055)
September 2010	(\$6,055)	(\$9)	\$1,452	\$262	(4,874)
October	(4,874)	(6)	3,412	407	(1,875)
November	(1,875)	(3)	1,999 3/	728	(607)
December	(607)	(1)	3,500	993	1,899
January 2011	1,899	3	1,712	1,337	2,277
February	2,277	3	343	1,182	1,441
March	1,441	1	841	1,233	1,050
April	1,050	1	382	714	719
May	719	0	980	476	1,223
June	1,223	0	546	213	1,556
July	1,556	1	7	109	1,455
August	1,455	0	620	112	1,963
Total		<u>(\$10)</u>	<u>\$15,794</u>	<u>\$7,766</u>	

1/ Reflects 90-day Treasury Bill rate.

2/ Total program costs to be recovered in Docket No. NG10-009, Exhibit 2, page 2 of 6.

3/ Reflects DSM Incentive amount of \$791 authorized in Docket No. NG10-009.

**Montana-Dakota Utilities Co.
Gas Utility - South Dakota**

**Summary of Actual DSM Expenditures
September 2010 through August 2011**

<u>Black Hills DSM Programs</u>	<u>Incentive</u>	<u># of Participants</u>	<u>Cost</u>
High Efficiency Furnace - 92-94%	\$150	7	\$1,050
High Efficiency Furnace - 95%+	300	128	38,400
High Efficiency Water Heater	50	16	800
Programmable Thermostats	20	73	1,460
Attic Insulation	1/	18	6,331
New Construction Bundle	2/	8	2,100
Administrative Costs			5,991
DSM Incentive			4,049
Advertising			4,912
Total		<u>250</u>	<u>\$65,093</u>

<u>East River DSM Programs</u>	<u>Incentive</u>	<u># of Participants</u>	<u>Cost</u>
High Efficiency Furnace - 92-94%	\$150	5	\$750
High Efficiency Furnace - 95%+	300	36	10,800
High Efficiency Water Heater	50	2	100
Programmable Thermostats	20	23	460
Attic Insulation	1/	0	0
New Construction Bundle	2/	0	0
Administrative Costs			564
DSM Incentive			791
Advertising			2,329
Total		<u>66</u>	<u>\$15,794</u>

- 1/ Rebate dependent on the beginning and ending R-value of the insulation installed, square footage of installed insulation, and whether self installed or by a contractor.
2/ The heating and water heating equipment bundle rebate is \$300. The insulation bundle is an additional \$100.