



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 26, 2008

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

Re: 2008 Annual Renewable Energy Objective

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., hereby submits its 2008 report regarding South Dakota's renewable energy objective as required by SDCL 49-34A-105.

Sincerely,

Donald R. Ball
Vice President – Regulatory Affairs

**Montana-Dakota Utilities Co.
Renewable Energy Objective
Annual Report to the South Dakota Public Utilities Commission
December 1, 2008 Update**

Requirement

SDCL 49-34A-105. Annual reports concerning renewable and recycled energy objective. Beginning on December 1, 2008, 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 September thirtieth. 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 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's electric retail sales in the State of South Dakota for the twelve month period ending September 30, 2008 were 136,853 Mwh. The South Dakota retail sales represented 5.8% of the Company's integrated system retail sales comprised of Montana-Dakota's jurisdictional sales in Montana, North Dakota and South Dakota.

Montana-Dakota completed the construction of a 19.5 MW wind farm near Baker, Montana in February 2008 with plans underway to install an additional 10.5 MW at the Baker site in late 2009. In addition, plans are underway for a 19.5 MW wind farm to be located in southwestern North Dakota. This facility is expected to be on-line in the fourth quarter of 2009.

Montana-Dakota has also entered into agreements with Ormat Technologies, Inc. and Northern Border Pipeline Company to construct a 7.5 MW recovered energy generation facility to be located in Morton County, North Dakota. This facility is currently under construction, is expected to be completed in the second quarter of 2009 and will produce electricity without combustion of any additional fuel.

Montana-Dakota continues to evaluate wind and other renewable resources available on the system in support of the South Dakota state renewable objective and will incorporate such resources as part of the resource mix when reasonable and economic to do so.