



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

July 9, 2009

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

Re: 2009 Annual Renewable Energy Objective

Dear Ms. Van Gerpen:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., hereby submits its 2009 report regarding South Dakota's renewable energy objective as required by SDCL 49-34A-105. Montana-Dakota also submits a completed Excel spreadsheet form supplied by Mr. Brian Rounds with the Commission Staff.

Sincerely,

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

Donald R. Ball
Vice President – Regulatory Affairs

**Montana-Dakota Utilities Co.
Renewable Energy Objective
Annual Report to the South Dakota Public Utilities Commission
July 1, 2009 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's electric retail sales in the State of South Dakota for the twelve month period ending December 31, 2008 were 140,357 MWh. The South Dakota retail sales represented 5.9% 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 (Diamond Willow) in February 2008 producing 56,045 MWh of renewable energy in calendar year 2008. Montana-Dakota's electric operations are within the boundaries of the Midwest Reliability Organization and the Diamond Willow wind resource was registered on the Midwest Renewable Energy Tracking System (M-RETS). The Diamond Willow resource has been designated with an identifier of "M-152" in the M-RETS system. 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. Montana-Dakota retired 34,718 of the renewable energy credits produced by Diamond Willow on February 24, 2009 to meet its obligations under Montana's Renewable Resource Standards. Montana-Dakota also received an allocation of 412 renewable energy credits based on its ownership interest in the Big Stone generating station for energy produced by biomass fuel in calendar year 2008.

Montana-Dakota is currently constructing a waste heat recovery unit on the Northern Border Pipeline near Glen Ullin, North Dakota with a nameplate

capacity of 7.5 MW with an expected completion date of July 2009. Plans are underway to complete construction of the Cedar Hills wind farm in 2010. Cedar Hills is a 19.5 MW wind farm located five miles west of Rhame, North Dakota. Plans are also underway for an additional 10.5 MW of wind at the Diamond Willow site near Baker, Montana in 2010.

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.

Company:

Montana-Dakota Utilities Co.

Calendar Year 2008 RREO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	2,388,413	Montana-Dakota's Integrated System
SD (MWh)	140,357	
Generation Capacity Owned		
Total - All States (MW)	517.7	
SD (MW)	103.7	
Renewable Generation Capacity Owned		
Total - All States (MW)		
Wind	19.5	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MW)	19.5	
SD (MW)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MW)	0.0	
Renewable Energy Credits Retired for SD		
Total - Generated In All States (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	0.0	
Generated in SD (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0.0	

Company:

Montana-Dakota Utilities Co.

Calendar Year 2008 RREO Report	Value	Comments
Renewable Energy Credits Retired for Other States		
Total - Generated In All States (MWh)		
Wind	34,718	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	34,718	
Generated In SD (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
Conserved Energy & Capacity		
Conserved Energy (MWh)		
Total - All States	1,707	
SD	0	Several programs are offered in South Dakota, but participation was less than measurable MWhs or MWs.
Conserved Capacity (MW)		
Total - All States	6.1	
SD	0.0	