

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

July 1, 2009

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501-5070

Re: Docket No. EL09-_____
2009-2010 Avoided Costs Update

Dear Ms. Van Gerpen:

In accordance with South Dakota Codified Laws, Chapter 49-34A, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith electronically submits for Commission approval revisions to the Company's Occasional Power Purchase Non-Time Differentiated Rate 95, Short-Term Power Purchase Time Differentiated Rate 96 and Long-Term Power Purchase Time Differentiated Rate 97 tariffs. This filing is made in compliance with the Commission's Order No. F-3365 and in accordance with the Special Terms and Conditions of these tariffs which state that the rate schedules will be reviewed annually and revised when necessary.

The methodology used to develop the proposed energy and capacity payment is consistent with previous years' updated avoided cost filings. The proposed energy payments for Rates 95, 96 and 97 were generated using Montana-Dakota's production costing model (ProSym), updated to reflect a test year of July 2009 through June 2010. The proposed energy payments under Rates 95 and 96 reflect a decrease in payments due to the recent trend in lower Midwest Independent System Operator (MISO) market prices than those included in the currently approved energy payments. The proposed capacity payments for Rates 96 and 97 are based on the projected costs of an installed peaking facility and baseload unit respectively. The data used to support the proposed energy and capacity payments is included as Attachment A.

Montana-Dakota is also proposing changes in the metering charges applicable under Rates 95, 96 and 97. The proposed metering charges have been revised to reflect updated meter costs, resulting in a modest increase for single phase meters and a decrease in cost for three phase meters. The workpapers supporting the proposed meter charges is provided in Attachment B. The workpapers supporting the levelized fixed charge rate are provided in Attachment C.

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed. In accordance with the Administrative Rules of South Dakota (ARSD), 20:10:13:39(6), it is noted that the proposed rate changes will not affect any customers since no customers are presently served on any of Montana-Dakota's cogeneration or small power production rates in South Dakota. Included as Attachment D is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26. Also included as Attachment E is the "Data Requirements" in accordance with the Commission's Order No. F-3563 which discloses certain information for miscellaneous filings.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment F in a conspicuous place in each business office in its affected electric service territory in South Dakota for at least 30 days before the change becomes effective.

Please refer all inquiries regarding this filing to:

Ms. Tamie A. Aberle
Pricing & Tariff Manager
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

This filing has been electronically submitted to the Commission in accordance with ARSD 20:10:01:02:05. Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

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

Donald R. Ball

Vice President – Regulatory Affairs

Attachment

OCCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 1.80 per month
 Metering charge for three phase service \$ 5.20 per month

Energy delivered to and accepted by Company by a qualifying facility shall paid for by Company as follows:

2.795¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month. Delivery in excess of this limit will not be compensated.)

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small or large general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed: July 1, 2009 **Effective Date:** _____
Docket No. _____

Issued By: Donald R. Ball, Vice President – Regulatory Affairs

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 5.40 per month
 Metering charge for three phase service \$ 7.10 per month

R
R

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

ON-PEAK

OFF-PEAK

3.805¢ per Kwh

2.723¢ per Kwh

R

The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours.

T

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of June through September. Such payments are to be based on the capacity cost of combustion turbine peaking generation.

Monthly capacity payment = \$8.023 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of June through September. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of June through September will be made based on the following formula:

R

(Continued)

Date Filed: July 1, 2009
Docket No. _____

Effective Date: _____

Issued By: Donald R. Ball, Vice President - Regulatory Affairs

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service	\$5.40 per month	R
Metering charge for three phase service	\$7.10 per month	R

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

<u>ON-PEAK</u>	<u>OFF-PEAK</u>	
3.805¢ per Kwh	2.723¢ per Kwh	R

The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of June through September. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = \$25.504 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of June through September. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of June through September will be made based on the following formula:

(Continued)

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Tariffs Reflecting Proposed Changes

OCCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service	\$ <u>1.751.80</u> per month	I
Metering charge for three phase service	\$ <u>5.705.20</u> per month	R

Energy delivered to and accepted by Company by a qualifying facility shall paid for by Company as follows:

3.5392.795¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month. Delivery in excess of this limit will not be compensated.)

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, small or large general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

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Date Filed: _____ **Effective Date:** _____
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Issued By: Donald R. Ball, Vice President – Regulatory Affairs

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ ~~5.755.40~~ per month
 Metering charge for three phase service \$ ~~9.707.10~~ per month

R
R

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

<u>ON-PEAK</u>	<u>OFF-PEAK</u>
5.0853.805¢ per Kwh	3.4092.723¢ per Kwh

IR

The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours. ~~In 2007 the on-peak hours will be shifted one hour later (1 p.m. to 9 p.m.) during two periods; March 11 to March 31 and October 28 to November 3.~~

T

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of June through September. Such payments are to be based on the capacity cost of combustion turbine peaking generation.

Monthly capacity payment = ~~\$8.7238.023~~ per Kw

IR

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of June through September. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of June through September will be made based on the following formula:

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LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$5.755.40 per month
 Metering charge for three phase service \$9.707.10 per month

R
R

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

<u>ON-PEAK</u>	<u>OFF-PEAK</u>
5.0853.805 ¢ per Kwh	3.4092.723 ¢ per Kwh

IR

The On-Peak Period is defined as those hours between 12 p.m. and 8 p.m. local time, Monday through Friday in the months of June through September. The Off-Peak Period is defined as all other hours. ~~In 2007 the on-peak hours will be shifted one hour later (1 p.m. to 9 p.m.) during two periods, March 11 to March 31 and October 28 to November 3.~~

T

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of June through September. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = ~~\$19.911~~25.504 per Kw

IR

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of June through September. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of June through September will be made based on the following formula:

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Montana-Dakota Utilities Co.

**South Dakota Lambda
July 2009 through June 2010**

Month	Year	Lambda		
		On-Peak \$/MWh	Off-Peak \$/MWh	Total \$/MWh
July	2009	\$42.13	\$30.54	\$33.40
August	2009	42.27	30.13	32.87
September	2009	29.68	26.58	27.34
October	2009		25.07	25.07
November	2009		25.89	25.89
December	2009		28.81	28.81
January	2010		28.17	28.17
February	2010		30.81	30.81
March	2010		23.95	23.95
April	2010		22.96	22.96
May	2010		24.96	24.96
June	2010	38.11	28.90	31.15
Average		\$38.05	\$27.23	\$27.95

Rate 96 Monthly Capacity Payments:
 \$8.023 \$/kW-Month
 [Cost of an installed peaking combustion turbine]

Rate 97 Monthly Capacity Payments:
 \$25.504 \$/kW-Month
 [Cost of an installed baseload unit]

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

**Calculation of Metering Charges - Rate 95
2009 - 2010 Avoided Cost Updates**

Rate 95	<u>Single-Phase</u>	<u>Three-Phase</u>
Estimated Meter Cost 1/	\$110	\$435
Levelized Fixed Charge Rate 2/	11.034%	11.034%
Annual Carrying Cost/Meter	\$12.14	\$48.00
Annual O&M Expense	9.53	14.30
Total Annual Cost of Meter	<u>\$21.67</u>	<u>\$62.30</u>
Calculated Charge	\$1.81	\$5.19
Monthly Metering Charge	\$1.80	\$5.20

1/ Including installation and testing.

2/ Reflective of capital costs, depreciation and taxes.

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

**Calculation of Metering Charges - Rates 96 and 97
2009 - 2010 Avoided Cost Updates**

<u>Rates 96 and 97</u>	Single-Phase TOD, Demand	Three-Phase TOD, Demand
Estimated Meter Cost 1/	\$329	\$469
Levelized Fixed Charge Rate 2/	11.034%	11.034%
Annual Carrying Cost/Meter	\$36.30	\$51.75
Annual O&M Expense	28.59	33.36
Total Annual Cost of Meter	<u>\$64.89</u>	<u>\$85.11</u>
Calculated Charge	\$5.41	\$7.09
Monthly Metering Charge	\$5.40	\$7.10

1/ Including installation and testing.

2/ Reflective of capital costs, depreciation and taxes.

* LEVELIZED FIXED CHARGE PROGRAM *

Computation of Levelized Fixed Charges

South Dakota Fixed Charge Rate Calculation
2009 Cogeneration/Avoided Cost Rate Filing

Basic assumptions used in this calculation are shown below

Capitalization Ratios (as percentages)

Long Term Debt	47.512
Preferred Stock	2.570
Common Stock	49.918

Interest Rates (as percentages)

Bonds	6.379
Preferred Stock	4.597
Common Stock	10.250

Tax Rates (as percentages)

Income Taxes	35
Investment Credit	0
Deferred Federal Income Taxes	35

Book Life (in years)

35

Tax Life (in years - 5, 7, 10, 15, 20 , or 39)

20

Depreciation Method used for tax purposes is:

MDU-MACRS Declining Balance/STRT-LINE

Deferred federal income tax reflects normalization

General tax rate (as percent)

0.905

Salvage Value =

Operations and Maintenance Method used is:

O&M has been calculated separately and is not a part of the levelized fixed charge rate.

Weighted Cost of Capital =

Debt	0.03031
PFD	0.00118
Common	0.05117
Composite	0.08266
WACC reflecting tax deduction of debt interest	0.07205

The results obtained based on the foregoing assumptions are as follows

Sum of P.W. Values	Capital Recovery Factor	Levelized Fixed Charge
125.209	0.08812	11.034

Computation of Levelized Fixed Charges

Year	Debt	Preferred	Common	Book Deprechrn	O&M and Insurance	General Tax Rate	Gross Income Tax	Total Chg	Present Worth Factor	Present Worth Value	
1	1	3.0308	0.1181	5.1166	2.8571	0.0000	0.9050	2.8187	14.8464	0.9237	13.7129
2	2	2.9347	0.1144	4.9544	2.8571	0.0000	0.9050	2.7294	14.4950	0.8531	12.3663
3	3	2.8019	0.1092	4.7301	2.8571	0.0000	0.9050	2.6058	14.0091	0.7880	11.0393
4	4	2.6747	0.1043	4.5155	2.8571	0.0000	0.9050	2.4876	13.5443	0.7278	9.8581
5	5	2.5529	0.0995	4.3099	2.8571	0.0000	0.9050	2.3743	13.0988	0.6723	8.8060
6	6	2.4360	0.0950	4.1125	2.8571	0.0000	0.9050	2.2656	12.6713	0.6210	7.8683
7	7	2.3237	0.0906	3.9229	2.8571	0.0000	0.9050	2.1611	12.2604	0.5735	7.0319
8	8	2.2156	0.0864	3.7403	2.8571	0.0000	0.9050	2.0605	11.8649	0.5298	6.2856
9	9	2.1113	0.0823	3.5643	2.8571	0.0000	0.9050	1.9636	11.4836	0.4893	5.6191
10	10	2.0077	0.0783	3.3894	2.8571	0.0000	0.9050	1.8672	11.1047	0.4520	5.0189
11	11	1.9041	0.0742	3.2145	2.8571	0.0000	0.9050	1.7708	10.7258	0.4175	4.4775
12	12	1.8005	0.0702	3.0396	2.8571	0.0000	0.9050	1.6745	10.3468	0.3856	3.9896
13	13	1.6969	0.0661	2.8646	2.8571	0.0000	0.9050	1.5781	9.9679	0.3561	3.5500
14	14	1.5932	0.0621	2.6897	2.8571	0.0000	0.9050	1.4818	9.5890	0.3290	3.1543
15	15	1.4896	0.0581	2.5148	2.8571	0.0000	0.9050	1.3854	9.2100	0.3038	2.7984
16	16	1.3860	0.0540	2.3399	2.8571	0.0000	0.9050	1.2890	8.8311	0.2806	2.4784
17	17	1.2824	0.0500	2.1650	2.8571	0.0000	0.9050	1.1927	8.4522	0.2592	2.1910
18	18	1.1788	0.0460	1.9900	2.8571	0.0000	0.9050	1.0963	8.0732	0.2394	1.9330
19	19	1.0752	0.0419	1.8151	2.8571	0.0000	0.9050	0.9999	7.6943	0.2211	1.7016
20	20	0.9716	0.0379	1.6402	2.8571	0.0000	0.9050	0.9036	7.3154	0.2043	1.4943
21	21	0.8680	0.0338	1.4653	2.8571	0.0000	0.9050	0.8072	6.9364	0.1887	1.3087
22	22	0.7880	0.0307	1.3303	2.8571	0.0000	0.9050	0.7329	6.6440	0.1743	1.1578
23	23	0.7317	0.0285	1.2353	2.8571	0.0000	0.9050	0.6805	6.4382	0.1610	1.0363
24	24	0.6754	0.0263	1.1403	2.8571	0.0000	0.9050	0.6282	6.2323	0.1487	0.9266
25	25	0.6191	0.0241	1.0452	2.8571	0.0000	0.9050	0.5758	6.0265	0.1373	0.8276
26	26	0.5629	0.0219	0.9502	2.8571	0.0000	0.9050	0.5235	5.8206	0.1268	0.7383
27	27	0.5066	0.0197	0.8552	2.8571	0.0000	0.9050	0.4711	5.6148	0.1172	0.6578
28	28	0.4503	0.0176	0.7602	2.8571	0.0000	0.9050	0.4188	5.4089	0.1082	0.5853
29	29	0.3940	0.0154	0.6652	2.8571	0.0000	0.9050	0.3664	5.2031	0.1000	0.5201
30	30	0.3377	0.0132	0.5701	2.8571	0.0000	0.9050	0.3141	4.9972	0.0923	0.4613
31	31	0.2814	0.0110	0.4751	2.8571	0.0000	0.9050	0.2617	4.7914	0.0853	0.4086
32	32	0.2251	0.0088	0.3801	2.8571	0.0000	0.9050	0.2094	4.5855	0.0788	0.3612
33	33	0.1689	0.0066	0.2851	2.8571	0.0000	0.9050	0.1570	4.3797	0.0727	0.3186
34	34	0.1126	0.0044	0.1900	2.8571	0.0000	0.9050	0.1047	4.1738	0.0672	0.2805
35	35	0.0563	0.0022	0.0950	2.8571	0.0000	0.9050	0.0523	3.9680	0.0621	0.2463

Computation of Levelized Fixed Charges

Period	Tax Depreciatn Accel	Tax Depreciatn Normal	Deferred Federal Income Tax	Amortized Investment Tax Credit	Net Investment	ACC PW	Y LFCR
1	3.7500	5.0000	0.3125	0.0000	100.0000	13.7129	14.8464
2	7.2190	5.0000	1.5267	0.0000	96.8304	26.0792	14.6777
3	6.6770	5.0000	1.3370	0.0000	92.4466	37.1185	14.4723
4	6.1770	5.0000	1.1620	0.0000	88.2525	46.9766	14.2671
5	5.7130	5.0000	0.9996	0.0000	84.2334	55.7826	14.0690
6	5.2850	5.0000	0.8498	0.0000	80.3767	63.6509	13.8798
7	4.8880	5.0000	0.7108	0.0000	76.6698	70.6828	13.6998
8	4.5220	5.0000	0.5827	0.0000	73.1019	76.9684	13.5289
9	4.4620	5.0000	0.5617	0.0000	69.6620	82.5875	13.3669
10	4.4610	5.0000	0.5614	0.0000	66.2432	87.6063	13.2127
11	4.4620	5.0000	0.5617	0.0000	62.8247	92.0838	13.0654
12	4.4610	5.0000	0.5614	0.0000	59.4058	96.0734	12.9244
13	4.4620	5.0000	0.5617	0.0000	55.9873	99.6234	12.7892
14	4.4610	5.0000	0.5614	0.0000	52.5685	102.7778	12.6596
15	4.4620	5.0000	0.5617	0.0000	49.1500	105.5762	12.5351
16	4.4610	5.0000	0.5614	0.0000	45.7312	108.0546	12.4157
17	4.4620	5.0000	0.5617	0.0000	42.3127	110.2455	12.3010
18	4.4610	5.0000	0.5614	0.0000	38.8938	112.1785	12.1910
19	4.4620	5.0000	0.5617	0.0000	35.4753	113.8801	12.0855
20	4.4610	5.0000	0.5614	0.0000	32.0565	115.3744	11.9843
21	2.2310		-0.2192	0.0000	28.6380	116.6831	11.8873
22	0.0000		-1.0000	0.0000	26.0000	117.8409	11.7958
23	0.0000		-1.0000	0.0000	24.1429	118.8772	11.7108
24	0.0000		-1.0000	0.0000	22.2857	119.8038	11.6318
25	0.0000		-1.0000	0.0000	20.4286	120.6314	11.5580
26	0.0000		-1.0000	0.0000	18.5714	121.3697	10.4579
27	0.0000		-1.0000	0.0000	16.7143	122.0275	10.3779
28	0.0000		-1.0000	0.0000	14.8571	122.6128	10.3027
29	0.0000		-1.0000	0.0000	13.0000	123.1328	10.2321
30	0.0000		-1.0000	0.0000	11.1429	123.5942	10.1657
31	0.0000		-1.0000	0.0000	9.2857	124.0027	10.1031
32	0.0000		-1.0000	0.0000	7.4286	124.3639	10.0442
33	0.0000		-1.0000	0.0000	5.5714	124.6825	9.9887
34	0.0000		-1.0000	0.0000	3.7143	124.9630	9.9364
35	0.0000		-1.0000	0.0000	1.8571	125.2093	9.8871

Report of Tariff Schedule Change

NAME OF UTILITY: Montana-Dakota Utilities Co.
 ADDRESS: 400 North Fourth Street
 Bismarck, ND 58501

Section No.	Class of Service	New Sheet No.
3	Occasional Power Purchase Rate 95	23 rd Revised Sheet No. 28
3	Short-Term Power Purchase Rate 96	24 th Revised Sheet No. 29
3	Long-Term Power Purchase Rate 97	24 th Revised Sheet No. 30

Change: Rates
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change Reflect updated metering costs and avoided energy costs

Present Rates
 Proposed Rates
 Approximate annual reduction in revenue N/A
 Approximate annual increase in revenue N/A

Points Affected	Estimated Number of Customers Whose Cost of Service will be:					
	Reduced		Increased		Unchanged	
	# of Customers	Amount in \$	# of Customers	Amount in \$	# of Customers	Amount in \$
All	N/A	N/A	N/A	N/A	N/A	N/A

Include Statement of Facts, expert opinions, documents and exhibits supporting the change requested.

Received: _____

Montana-Dakota Utilities Co.
 (Reporting Utility)

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

By: Donald R. Ball
 Vice President - Regulatory Affairs
 (Name and Title)

DATA REQUIREMENTS
PURSUANT TO DOCKET NO. F-3563

1. Background

The currently effective Rates 95, 96 and 97 were filed on June 14, 2007, and were approved by the Commission on August 7, 2007. The energy payments currently on file for these rates were generated by Montana-Dakota's production costing model (ProSym) for the twelve months ending June 30, 2008. The capacity payments in effect for Rates 96 and 97 are based on the projected costs of an installed peaking facility and baseload unit, respectively. In addition, in accordance with the Commission's Decision and Order (F-3365), the currently effective rate schedules reflect the fact that no capacity payments will be made until capacity can actually be shown to be avoided.

After reviewing the metering charges and energy and capacity payments currently on file for Rates 95, 96 and 97, Montana-Dakota believes that these rate schedules need to be updated to reflect the projected metering costs and the avoided energy and capacity costs for the test year of July 1, 2009 through June 30, 2010. The methodology used in developing the proposed energy payments is identical to that used in developing the currently effective rates. The meter charges filed reflect updated meter costs, operation and maintenance (O&M) costs and the levelized fixed charge rate, representing the revenue requirement (other than O&M expenses stated separately) associated with the meter investment.

2. Explanation

A. The proposed rate changes affect all classes of cogeneration and small power production service; however, there are no customers presently on any of Montana-Dakota's cogeneration or small power production rates in South Dakota.

B. The proposed tariff sheets are:

Section No. 3, 23rd Revised Sheet No. 28
Occasional Power Purchase Non-Time Differentiated Rate 95

Section No. 3, 24th Revised Sheet No. 29 and 15th Revised Sheet No. 29.1
Short-Term Power Purchase Time Differentiated Rate 96

Section No. 3, 24th Revised Sheet No. 30 and 16th Revised Sheet No. 30.1
Long-Term Power Purchase Time Differentiated Rate 97

- C. The proposed rate changes apply to cogeneration and small power production services with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.
- D. The affected tariffs are applicable to all areas served by Montana-Dakota Utilities Co. in South Dakota.
- E. There are no additional special conditions, limitations, qualifications or restrictions upon the proposed tariffs.

3. Financial Impact

Not applicable since no customers are presently served on Rates 95, 96 or 97.

4. Precedential Effect

None.

**On July 1, 2009 Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.,
filed with the South Dakota Public Utilities
Commission revised Rates 95, 96 & 97 which
affect Montana-Dakota Utilities Co.'s
Cogeneration electric customers in South
Dakota. The revised rates and South Dakota
rules and regulations are available in this office
for inspection.**