

EXHIBIT 11
DATE 1-19-05
ID HB121

MONTANA-DAKOTA EXAMPLE

A 50 KW FACILITY, IF IT COULD BE RUN CONSTANTLY, WOULD ANNUALLY PRODUCE 438,000 KWH OF POWER, AS THERE ARE 8760 HOURS IN A YEAR.
(50 x 8760 = 438,000)

HOWEVER, NO GENERATOR CAN RUN CONSTANTLY ALL YEAR LONG, AND THE WIND DOESN'T ALWAYS BLOW. ASSUME THAT THE WIND GENERATOR CAN RUN HALF THE TIME DURING THE YEAR.

UNDER NET BILLING OR NET METERING, THE GENERATOR IS PAID THE UTILITY'S FULL RETAIL RATE FOR POWER, WHICH INCLUDES NOT ONLY ITS COST OF POWER AT THE GENERATOR, BUT THE ENTIRE COST OF THE UTILITY SYSTEM INCLUDING TRANSMISSION, DISTRIBUTION, OPERATION AND MAINTENANCE, CUSTOMER SERVICE, BILLING AND COLLECTION. ASSUME THERE IS A 4 CENT DIFFERENTIAL BETWEEN A UTILITY'S AVOIDED POWER COST AND ITS FULL RETAIL RATE.

USING THOSE ASSUMPTIONS, A SINGLE SMALL POWER PRODUCER WITH A 50 KWH FACILITY, IS RECEIVING AN \$8,760 SUBSIDY ANNUALLY PAID BY ITS FELLOW UTILITY CUSTOMERS.
 $50 \times 8760 / 2 \times .04 = \$8,760$

Public Service Commission of Montana



MONTANA-DAKOTA

UTILITIES CO.
A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501

Volume No. 3

2nd Revised Sheet No. 46

Cancelling 1st Revised Sheet No. 46

Electric Service

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NET BILLING OPTION - Rate 94

In addition to the parties' contract agreement, Company and Seller agree to the following net billing option:

1. Description: Under this option all purchases of energy from Seller by Company shall be considered on a net consumption basis, offsetting Company's purchases from Seller against its sales to Seller. If Company's sales to Seller are greater than its purchases from Seller in a billing period, Seller's net consumption shall be billed at the applicable retail rate and no further Avoided Cost Payments shall be made to Seller. If Company's purchases from Seller exceed its sales to Seller during a billing period, then the net purchases shall be purchased from Seller by Company pursuant to the applicable Avoided Cost Payments schedule. All purchases of capacity from Seller by Company will be considered on a net basis, offsetting Company's capacity purchases from Seller against its capacity sales to Seller on an hourly basis. Capacity payments will only be made if Company's energy purchases from Seller exceed its energy sales to Seller during a billing period.

2. Metering:

(a) Energy: Company, at its expense, will install separate meters equipped with detents to measure its purchases from and sales to Seller.

(b) Capacity: Company will make no Avoided Cost Payments for Capacity nor apply any offsets to its Demand charges for Capacity supplied by Seller unless such Capacity purchases by Company from Seller are separately metered. Such meters will be installed at Seller's expense.

3. Interconnection: Nothing herein shall relieve Seller from providing all necessary equipment for interconnection specified in the parties' contract.

4. Termination: If Seller fails to make any payments due to Company and Company is unable to recoup such overdue payments from Seller as an offset against Avoided Cost Payments for three consecutive months, the Net Billing Option shall automatically terminate and Company shall be entitled to its remedies under Montana Public Service Commission Rules (ARM 38.5.1401 et seq.).

Issued: September 27, 1994

(Date)

By: C. Wayne Fox, Vice President -

Regulatory Affairs & General Services

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Effective Date: Bills Rendered on and after October 1, 1994

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NET BILLING OPTION - Rate 94

5. Election: The election of the Net Billing Option is the sole prerogative of Seller. This option is merely an addendum to the parties' underlying standard contract which binds the parties in all respects. In case of a conflict between a specific provision in this option and the parties' standard contract, the specific provision in this option controls.

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