

Docket Number: EL23-002
Subject Matter: Second Data Request
Request to: NorthWestern Corporation dba NorthWestern Energy (NorthWestern or Company)
Request from: South Dakota Public Utilities Commission Staff
Date of Request: February 16, 2023
Responses Due: February 21, 2023

- 2-1. NorthWestern explains on page 2 of its letter that it is asking for costs paid beginning on March 1, 2023 be included in this determination. What is the earliest date that costs were incurred that will be paid on or after March 1, 2023? What is the estimate of total costs incurred prior to March 1, 2023 but paid on or after March 1, 2023?

We are currently finishing the scope of work. Costs began to be incurred beginning February 13. The costs will not be billed to NorthWestern until sometime after March 1. The estimate of costs accrued in February is less than \$40,000. This expense is for Roland Berger to review NorthWestern Energy key documents and interview key personnel to support strategic work for the preparation of filing the DOE LPO Part 1 application.

- 2-2. Do the costs of planning and studying generation ever get capitalized with the plant? If so, how do the study costs discussed in this docket differ from those that get capitalized?

NorthWestern's policy states that costs incurred or paid in the process of investigating or pursuing the purchasing of equipment, prior to the decision being made to actually acquire the equipment, be expensed. This project study is far in advance of the actual purchase of the equipment or construction of the plant. Considering the level of cost for this study project, Northwestern desires a means to defer the costs and potentially transfer the costs to the capitalized project, as opposed to expensing the costs at this time.