

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
2ND SET OF DATA REQUESTS
ISSUED APRIL 5, 2017
DOCKET NO. EL17-010**

Question 2.2:

Refer to the Company's response to DR 1.3, Attachment C, page 5 of 5. Does the Company believe it is appropriate to include the total incentive compensation accrual when the settlement in Docket EL15-024 excluded 1/3 of non-executive incentive compensation expense? Explain.

Response:

The settlement between the parties included a number of concessions from both sides. The following is a paragraph from the Settlement Stipulation:

"This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving Docket No. EL15-024. The Parties acknowledge that they may have differing views and reasons to support and justify the end result of the Stipulation, but each Party deems the end result to be just and reasonable. In light of such differences, the Parties agree that the resolution of any single issue, whether expressed or implied by the Stipulation, should not be viewed as precedent-setting."

Therefore, the Company believes it is appropriate to include incentive compensation accrual.

Updated - April 25, 2017

Per discussion with Commission staff, the amount of incentive compensation included in the rider is as follows:

Total	South Dakota Allocation	South Dakota Share
<hr/> \$7,888.49	4.894055%	<hr/> \$386.07
One-third of non-executive compensation:		\$128.69