

**MONTANA-DAKOTA UTILITIES CO.  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION  
1ST SET OF DATA REQUESTS  
ISSUED MARCH 20, 2019  
DOCKET NO. EL19-010**

**1.1. What are the differences between the PPA option and the ownership option of the Thunder Spirit Wind Phase II (levelized cost, risks, benefits, etc.)?**

**Response:**

The Thunder Spirit Wind Phase II (TSW II) PPA had a 25-year term, \$25.05 per MWh levelized cost, contract adjustment for changes in Federal Income Tax rates, and contract provision for tax credit grossed up reimbursements of economic and buyer directed curtailments.

The ownership option was calculated with a 25-year life at a levelized cost of \$22.40 per MWh levelized cost. The Company's 2017 IRP analysis showed \$4.77 million in net present value savings of the TSW II ownership option versus the PPA option.

The TSW II ownership option provides Montana-Dakota with control of the project site and equipment along with the ability to capture additional value from the project after the expiration of a PPA. All wind energy purchased under the PPA would have been at a contract price and, if the project generated more energy than the P50 wind forecast (50/50 historic wind potential), the Company would have paid the contract price for all energy above the P50 output level. Under an ownership scenario, the customers will receive the benefits for this additional generation without an additional charge. Ownership of the TSW II project also allowed the Company the ability to negotiate a long-term maintenance supply agreement with the turbine supplier for the TSW I project, to match the 25-year term of the TSW II maintenance supply agreement, which provides additional savings to the TSW I project over the original maintenance supply arrangement.