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November 1, 2019

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

Re: Docket No. EL19-\_\_\_\_  
Application for Deferred Accounting  
Treatment

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits this application for authority for deferred accounting treatment of costs related to the retirement of the Lewis & Clark 1, Heskett 1 and Heskett 2 coal-fired power plants.

On February 19, 2019, Montana-Dakota announced the Company's decision to retire the Lewis & Clark 1, Heskett 1 and Heskett 2 coal-fired generators at the end of 2020 and 2021, respectively. This decision was based on the age of the coal plants, the availability of low-cost natural gas driving low-cost power on the MISO market, as well as rising fuel related costs and operating and maintenance expenses at each of the units. This decision is fully supported in the Company's 2019 Integrated Resource Plan submitted to the Commission on July 1, 2019.<sup>1</sup>

This request for an accounting order is necessary to allow the Company to defer the following expenses associated with the retirement of the Lewis & Clark 1, Heskett 1 and Heskett 2 generating stations:

- Depreciation expense, above the amount charged under currently approved depreciation rates, necessary to fully depreciate the retiring assets by the time the assets are retired,

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<sup>1</sup> Montana-Dakota will submit additional copies of the 2019 IRP in this docket if so desired by the Commission or the Commission Staff.

- Decommissioning costs in excess of the reserve associated with the cost of removal of the plants and
- Employee retention benefit plan costs.

Montana-Dakota will request cost recovery of the deferred costs estimated at \$4.8 million in its next rate case and therefore, approval of this accounting order will not preclude Commission review of the amounts for reasonableness of recovery in the future determination of rates.

Please refer all inquiries regarding this filing to:

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Also, please send copies of all written inquiries, correspondence and pleadings to:

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Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please contact me at 701-222-7856 or the email address noted above with any questions regarding this filing.

Sincerely,



Tamie A. Aberle  
Director of Regulatory Affairs

Attachments

cc: Karl A. Liepitz