

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

November 8, 2019

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

Re: Docket No. EL19-040
Amended Application for Deferred
Accounting Treatment

Montana-Dakota Utilities Co. (Montana-Dakota) submitted an 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 to the South Dakota Public Utilities Commission on November 1, 2019.

Montana-Dakota herewith submits an Amended Application to replace the November 1, 2019 filing in its entirety. This change is necessary to remove the first element of the Conclusion included in the November 1, 2019 Application that is not applicable in the State of South Dakota.

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, 2019.¹

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

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,
- 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:

Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
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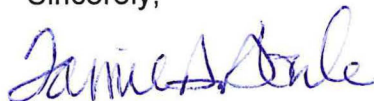
Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Brett Koenecke
May, Adam, Gerdes & Thompson
503 South Pierre Street
P.O. Box 160
Pierre, South Dakota 57501-0160

Karl A. Liepitz
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Please contact me at 701-222-7856 or the email address noted above with any questions regarding this filing. I apologize for any inconvenience caused by this oversight.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Karl A. Liepitz