

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE PETITION OF )</b>	<b>ORDER APPROVING</b>
<b>MONTANA-DAKOTA UTILITIES CO., A )</b>	<b>DEFERRED ACCOUNTING</b>
<b>SUBSIDIARY OF MDU RESOURCES GROUP )</b>	<b>TREATMENT</b>
<b>INC., FOR APPROVAL OF DEFERRED )</b>	
<b>ACCOUNTING TREATMENT FOR RETIRING )</b>	<b>EL19-040</b>
<b>OF THE LEWIS &amp; CLARK 1, HESKETT 1 AND )</b>	
<b>HESKETT 2 COAL-FIRED GENERATORS )</b>	

On November 1, 2019, the South Dakota Public Utilities Commission (Commission) received a Petition by Montana-Dakota Utilities Co. (MDU) requesting the approval of Deferred Accounting Treatment for costs related to the retirement of the Lewis & Clark 1, Heskett 1 and Heskett 2 Coal-Fired Generators until its next rate case. On November 8, 2019, MDU filed an amended application for Deferred Accounting. MDU expects that the total cost to be deferred to the next rate case will be approximately \$4.8 million at the South Dakota level. This anticipated total deferred cost consists of \$4.0 million in accelerated depreciation, (\$0.3) million in excess deferred taxes, \$0.8 million in decommissioning cost, and \$0.3 million in employee retention costs.

On November 7, 2019, the Commission electronically transmitted notice of the Petition and the intervention deadline of November 22, 2019, to interested individuals and entities on the Commission's PUC Weekly Filings electronic listserv. No petitions to intervene or comments were filed.

The Commission has jurisdiction in this matter pursuant to SDCL 49-34A-7 and ARSD 20:10:13:48.

At its regularly scheduled meeting on January 7, 2020, the Commission considered this matter. MDU acknowledged that the deferral accounting method and the resulting creation of a regulatory asset shall not preclude Commission review of these amounts and any future cost recovery for reasonableness. Commission staff recommended approval. The Commission voted unanimously to approve the relief requested in the Petition with conditions. It is therefore

ORDERED, that MDU's Petition is approved subject to the following conditions:

- 1) that the deferral/amortization accounting method and the resulting creation of a regulatory asset (the deferred balance) shall not preclude Commission review of these amounts for prudence, reasonableness, and possible disallowance of the rate recovery in any determination of rates, including both rate filings by the company and rate reviews initiated by the Commission;
- 2) that this allowance of a deferral/amortization accounting method and the resulting creation of a regulatory asset, after the related costs have been incurred, is not to be interpreted as allowing future post expenditure deferrals; and

3) that the Commission's decision in this case is based on the facts of this case and any future allowance of the deferral/amortization accounting method and the resulting creation of a regulatory asset must be approved by the Commission.

Dated at Pierre, South Dakota, this 10<sup>th</sup> day of January 2020.

<p style="text-align: center;"><b>CERTIFICATE OF SERVICE</b></p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically or by mail.</p> <p>By: <u>Adam de Hueck</u></p> <p>Date: <u>1/10/20</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

Gary Hanson  
GARY HANSON, Chairman

Chris Nelson  
CHRIS NELSON, Commissioner

Kristie Fiegen  
KRISTIE FIEGEN, Commissioner