



Public Service Commission
State of North Dakota

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16 July 2013

Mr. Allen C. Hoberg
Office of Administrative Hearings
2911 North 14th Street – Suite 303
Bismarck, ND 58503

Re: Otter Tail Power Company
Environmental Cost Recovery Rider, Tariff - PU-13-79

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Environmental Cost Recovery, Rates - PU-13-83

Otter Tail Power Company
Environmental Cost Recovery Rider, Rates - PU-13-84

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Environmental Cost Recovery, Tariff - PU-13-85

Dear Mr. Hoberg:

Enclosed is a request for an Administrative Law Judge in the captioned case. A public hearing will be held 16 September, 2013 beginning at 9:00 a.m. in the Commission Hearing Room, State Capital, 12th Floor, Bismarck, North Dakota. A Notice of Consolidated Hearing is enclosed.

The Administrative Law Judge will serve as a procedural law judge and the hearing will be electronically recorded.

If you have any questions, please contact me. Thank you.

Best regards,

Illona A. Jeffcoat-Sacco
General Counsel

enclosure

c: w/encl. Bruce Gerhardson, Pete Beithon
Daniel Kuntz, Tamie Aberle

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REQUEST FOR ADMINISTRATIVE LAW JUDGE--APPEAL, APPLICATION, OR PETITION
NORTH DAKOTA OFFICE OF ADMINISTRATIVE HEARINGS
 SFN 17819 (Rev. 06-2007)

Name of Agency, Board, or Commission
 North Dakota Public Service Commission

The above named agency, board, or commission requests designation of an administrative law judge from the Office of Administrative Hearings for the Otter Tail Power Company, Environmental Cost Recovery Rider, Tariff - Pu-13-79, MDU Envir Cost Recovery, Rates - PU-13-83, OTP Envir. Cost Recovery, Rates - PU-13-84 & MDU Envir. Cost Recov.- Tariff PU-13-85

(e.g., application of [name], appeal of [name], petition of [name]). Authority for the administrative action is found in North Dakota Century Code Section 49-05-04.2 _____ (North Dakota Century Code and/or North Dakota Administrative Code).

Please attach related documents and correspondence.

The administrative action is more fully described as follows:
 Application for a tariff & cost recovery for environmental upgrades by each company for Big Stone generator.

See enclosed Notice of Consolidated Hearing for details

It requests designation of an administrative law judge (please check one):

- To conduct the hearing and issue recommended findings of fact, conclusions of law, and order.
- To serve as a procedural administrative law judge only (no recommended decision). The agency head will be present at the hearing as required by NDCC 28-32-31(5). See NDCC 54-57-04.
- To conduct the hearing, issue findings of fact, conclusions of law, and a final order.

PLEASE MAKE A REQUEST FOR AN ADMINISTRATIVE LAW JUDGE AT LEAST ONE MONTH BEFORE THE HEARING.

Please list parties, including the agency if it is a Party, and Representation [attorney (or other)] if known, or Agency Contact: (Attach separate list if necessary.)

AGENCY See attached	Address	Telephone Number
Representation	Address	Telephone Number
PARTY	Address	Telephone Number
Representation	Address	Telephone Number
PARTY	Address	Telephone Number
Representation	Address	Telephone Number

Additional Comments
 A public hearing on the enumerated cases will be held commencing on September 16, 2013 at 9:00 a.m. CDT in the Commission Hearing Room, State Capital, 12th Floor, Bismarck, North Dakota 58505

(For agencies required to use OAH, notice of hearing will be issued by the administrative law judge, unless a procedural administrative law judge is requested. Other requesting agencies and agencies requesting a procedural administrative law judge should first contact OAH about scheduling a hearing. If notice has already been issued, attach a copy of the notice.)

Typed or Printed Name and Title of Requesting Person Illona A. Jeffcoat-Sacco, General Counsel	Date 7/16/2013
Signature of Requesting Person X	Telephone Number (701) 328-2407

Attachment
Request for ALJ
16 July 2013

Otter Tail Power Company
Environmental Cost Recovery Rider, Tariff - PU-13-79

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Environmental Cost Recovery, Rates - PU-13-83

Otter Tail Power Company
Environmental Cost Recovery Rider, Rates - PU-13-84

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Environmental Cost Recovery, Tariff - PU-13-85

AGENCY	Address	Telephone Number
North Dakota Public Service Commission	600 E. Blvd. Ave. Dept. 408 Bismarck, ND 58505-0480	701-328-2400
Representation Ryan Norrell PSC Legal Counsel	Address Same as above	Telephone Number 701-328-2421
PARTY Otter Tail Power Company	Address P.O. Box 496 Fergus Falls, MN 56538-0496	Telephone Number 218-739-8200
Representation Bruce Gerhardson Associate General Counsel	Address Otter Tail Power Company P.O. Box 496 Fergus Falls, MN 56538-0496	Telephone Number 218-739-8475
PARTY Montana-Dakota Utilities Co.	Address 400 N. 4 th St. Bismarck, ND 58501	Telephone Number 701-222-7856
Representation Dan Kuntz Associate General Counsel Tamie Aberle Regulatory Affairs Manager	Address MDU Resources Group, Inc. P.O. Box 5650 Bismarck, ND 58506-5650	Telephone Number 701-530-1016 701-222-7856
PARTY	Address	Telephone Number
Representation	Address	Telephone Number

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Otter Tail Power Company
Environmental Cost Recovery Rider
Tariff**

Case No. PU-13-79

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
Environmental Cost Recovery
Rates**

Case No. PU-13-83

**Otter Tail Power Company
Environmental Cost Recovery Rider
Rates**

Case No. PU-13-84

**Montana-Dakota Utilities Co., a Division of MDU
Resources Group, Inc.
Environmental Cost Recovery
Tariff**

Case No. PU-13-85

NOTICE OF CONSOLIDATED HEARING

July 10, 2013

On February 8, 2013, Otter Tail Power Company (Otter Tail) filed a tariff that provides for an adjustment of rates to recover jurisdictional capital costs and associated operating expenses incurred to comply with federal environmental mandates on existing electricity generating stations, Case No. PU-13-79. Also on February 8, 2013, Otter Tail filed a rate adjustment under that tariff to recover the cost of environmental upgrades to the Big Stone electric generation plant to comply with the South Dakota Haze State Implementation Plan and the United States Environmental Protection Agency, Case No. PU-13-84.

On May 8, 2013, Otter Tail updated its application in Case No. PU-13-79 noting a reduction in the original estimated cost of the upgrades from \$489 million to \$405 million, or a reduction in total costs of 17 percent.

Otter Tail owns 53.9 percent of Big Stone and requests a return on its invested capital and recovery of related expenses associated with the upgrades. Otter Tail proposes to annually update its cost estimates and the cost recovery rate until the project is completed in 2016. The environmental rate surcharge would apply to all retail customers. Otter Tail's initial residential rate for these costs of 0.309 cents per kWh would result in an increase of \$2.32 per month for a customer using 750 kWh per month.

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8 PU-13-84 Filed 07/10/2013 Pages: 3
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8 PU-13-83 Filed 07/10/2013 Pages: 3
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7 PU-13-79 Filed 07/10/2013 Pages: 3
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On February 11, 2013, Montana-Dakota Utilities Co. (MDU) filed a tariff that provides for an adjustment of rates to recover jurisdictional capital costs and associated operating expenses incurred to comply with federal environmental mandates on existing electricity generating stations, Case No. PU-13-85. Also on February 11, 2013, MDU filed a rate adjustment under that tariff to recover the cost of environmental upgrades to the Big Stone electric generation plant to comply with the South Dakota Haze State Implementation Plan and the United States Environmental Protection Agency, Case No. PU-13-83.

On May 31, 2013 MDU updated its application in Case No. PU-13-83 noting a reduction in the original estimated cost of the upgrades from \$489 million to \$405 million, or a reduction in total project costs of 17 percent.

MDU owns 22.7 percent of Big Stone and requests a return on invested capital and recovery of related expenses associated with the upgrades. MDU proposes to annually update its cost estimates and the cost recovery rate until the project is completed in 2016. The environmental rate surcharge would apply to all retail customers. MDU's proposed initial residential rate for these costs of .203 cents per kWh would result in an increase of \$1.52 per month for a customer using 750 kWh per month.

Believing that there will be no prejudice to the rights of the parties or the public interest, and finding the cases involve similar questions of law and fact, the Commission has consolidated the four cases under North Dakota Administrative Code section 69-02-04-04.

A **public hearing** on the enumerated cases will be held commencing on **September 16, 2013 at 9:00 a.m. CDT** in the Commission Hearing Room, State Capital, 12th Floor, Bismarck, North Dakota 58505.

The issues to be considered in each environmental cost recovery tariff proceeding are:

1. Should the commission approve each environmental cost recovery tariff?
 - a. Does each tariff allow the respective public utility to recover on a timely basis its investment in capital costs and associated operating expenses incurred to meet federal environmental mandates not reflected in the utility's general rate schedule?
 - b. Does each tariff allow a return on the respective public utility's investment made to meet federal environmental mandates at the level approved in the utility's most recent general rate case?
 - c. Does each tariff provide a current return on construction work in progress to meet federal environmental mandates provided the cost recovery from

retail customers of the allowance for funds used during construction is not sought through any other means?

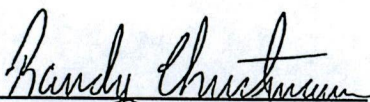
- d. Does each tariff terminate cost recovery after the respective public utility's costs and expenses to meet federal environmental mandates have been recovered fully or have been reflected in the utility's general rate tariffs?

The issues to be considered in each environmental cost recovery rate adjustment are:

1. Should the commission approve each environmental cost recovery rate adjustment?
 - a. Does each rate adjustment comply with the respective tariff?
 - b. Are each utility's incurred costs and expenses to meet federal environmental mandates reasonable and prudent?

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400 or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials, please notify, Darrell Nitschke, Executive Secretary, 24 hours in advance.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Brian P. Kalk
Chairman


Julie Fedorchak
Commissioner