

DeSaye, Cara G.

From: Colleen Park <colleenp@ndna.com>
Sent: Monday, July 15, 2013 9:17 AM
To: DeSaye, Cara G.; Fahn, Patrick J.
Subject: RE: PU-13-79, PU-13-83, PU-13-84 & PU-13-85 Notice of Consolidated Hearing

Received.
I will schedule beginning Thursday, July 18 & ending Monday July 22.

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**Colleen Park**  
**Advertising and Public Notice Coordinator**  
**North Dakota Newspaper Association**

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**From:** Fahn, Patrick J. [<mailto:pfahn@nd.gov>]  
**Sent:** Friday, July 12, 2013 2:01 PM  
**To:** [colleenp@ndna.com](mailto:colleenp@ndna.com)  
**Subject:** FW: PU-13-79, PU-13-83, PU-13-84 & PU-13-85 Notice of Consolidated Hearing

Please have the attached [Notice of Consolidated Hearing](#) published **one** time as a legal publication in the next issue of the following newspapers:

Bismarck Tribune  
The Dickinson Press  
Jamestown Sun  
Minot Daily News  
Valley City Times-Record  
The Daily News  
Williston Daily Herald  
Devils Lake Journal  
Grand Forks Herald  
Fargo Forum

Do not publish in the classifieds. Please run it as a "News Item Only" article as well.

Send the bill to the Public Service Commission along with a tear sheet for billing purposes.

Please confirm via email that you received this request.

If you have any questions or cannot open the files, please call me at 328-4076 or email.

Thank You

Cara DeSaye  
ND Public Service Commission  
600 E Boulevard Ave Dept. 408  
Bismarck ND 58505-0480  
701-328-4076

11 PU-13-84 Filed 07/15/2013 Pages: 4  
Email to and from NDNA request to publish  
Notice of Consolidated Hearing  
11 PU-13-83 Filed 07/15/2013 Pages: 4  
Email to and from NDNA request to publish  
Notice of Consolidated Hearing  
10 PU-13-79 Filed 07/15/2013 Pages: 4  
Email to and from NDNA request to publish  
Notice of Consolidated Hearing

**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.

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**

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**Randy Christmann**  
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