

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Montana-Dakota Utilities Co., a Division of MDU Resources Group Inc.
Advance Determination of Prudence – Lewis & Clark Generating Station
Application**

Case No. PU-13-332

ORDER

October 9, 2013

On June 14, 2013 Montana-Dakota Utilities Co., a Division of MDU Resources Group Inc. (Montana-Dakota) filed an Application for an Advance Determination of Prudence for the Lewis & Clark Station Filterable Particulate Matter Pollution Controls Project (Project).

On July 10, 2013 the Commission issued a Notice of Opportunity for Hearing. The Notice provided until August 28, 2013 for receiving written comments or requests for hearing. No response was received. The notice identified the issue to be determined in this proceeding is whether Montana-Dakota's Application should be approved.

On September 25, 2013 the Commission discussed this matter with Montana-Dakota and Commission Staff at an informal hearing.

The projected costs for the Project are \$27.7 million with approximately \$19.7 million being allocated to North Dakota. The average North Dakota residential customer consuming 750 KWH per month should see an estimated increase of \$1.40 per month as a result of this Project

The Lewis & Clark Station is an existing single-unit, 50-MW lignite-fired facility located near Sidney, Montana, that has been in operation since October 1, 1958. It is an integrated system resource supplying approximately twelve percent of Montana-Dakota's system energy requirements in 2012 and representing nine percent of the required system capacity credits. North Dakota's share of the Project is approximately 71 percent or \$19.7 million.

The Project is required to meet the non-mercury metal emission limits in the U.S. Environmental Protection Agency's final Mercury and Air Toxics Standard (MATS) Rule, (77 Fed. Reg. 9304), effective April 16, 2012. Montana-Dakota must demonstrate compliance at the Lewis & Clark Station by April 16, 2015, unless extended. Montana-Dakota stated it will be submitting a request to the Montana Department of

Environmental Quality for a one-year extension to install the required pollution controls in order that the Project can be completed by the end of 2015.

Of the numerous alternatives studied by the Company, the Project, which consists of the installation of a baghouse and modifications to the existing mist eliminators, was demonstrated to be the most cost effective option under all but one low load growth scenario that is not very likely to occur.

Order

The Commission orders the application of Montana-Dakota Utilities Co. for Advance Determination of Prudence for the Lewis & Clark generating station Filterable Particulate Matter Pollution Control Project be approved.

PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Brian P. Kalk
Chairman



Julie Fedorchak
Commissioner