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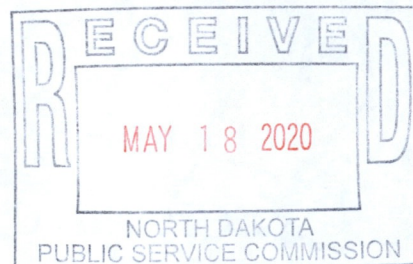


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May 15, 2020



Executive Secretary
ND Public Service Commission
600 East Boulevard Avenue, Dept. 480
Bismarck, ND 58505-0480

**Re: Montana Dakota Utilities Co.
Case Nos. PU-19-306; PU-19-307; PU-19-317**

Enclosed for filing are an original and seven copies of Order on Settlement in the above matters.

Sincerely,

Brenda Vitek, Legal Assistant to
Paul Sanderson

Enclosure

cc: ALJ Timothy J. Dawson (w/enc.)
Mitchell D. Armstrong (w/enc.)

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|----|-----------|------------------|----------|-------------------------------------------------------------------------------------------------------|
| 64 | PU-19-317 | Filed 05/18/2020 | Pages: 6 | Proposed Order on Settlement
Montana-Dakota Utilities Co.
Paul Sanderson, Evenson Sanderson, PC |
| 63 | PU-19-307 | Filed 05/18/2020 | Pages: 6 | Proposed Order on Settlement
Montana-Dakota Utilities Co.
Paul Sanderson, Evenson Sanderson, PC |
| 61 | PU-19-306 | Filed 05/18/2020 | Pages: 6 | Proposed Order on Settlement
Montana-Dakota Utilities Co.
Paul Sanderson, Evenson Sanderson, PC |

On September 16, 2019, Montana-Dakota filed an Application (Case No. PU-19-317), along with supporting information, for deferred accounting treatment of costs related to its proposed retirement of the Lewis & Clark Unit 1, Heskett Unit 1 and Heskett Unit 2 until disposition of its next general electric rate case.

Advocacy Staff conducted discovery and on February 21, 2020, submitted the testimony of Mr. James Heidell with the PA Consulting Group regarding the Company's application in Case Nos. PU-19-306 and PU-19-307. Mr. Heidell recommended that the Commission grant an ADP for Heskett 4 subject to certain qualifications. Advocacy Staff also submitted testimony by Mr. Joel Jeanson with the PA Consulting Group in Case No. PU-19-317 regarding Montana-Dakota's application for deferred accounting treatment for costs associated with the plant retirements scheduled to occur in 2021 and 2022. Mr. Jeanson recommended that the Commission authorize all identified costs proposed by Montana-Dakota for deferred accounting treatment subject to certain qualifications.

On February 28, 2020, the Company submitted the testimony of Mr. Joseph Geiger adopting the testimony originally filed by Mr. Alan Welte in Case Nos. PU-19-306 and PU-19-307.

On March 4, 2020, the Commission issued its Notice of Consolidated Hearing in the above captioned Cases. Pursuant to the Notice of Consolidated Hearing, the above captioned Cases were consolidated for hearing on April 30, 2020, and the following issues were identified to be considered: (1) Whether Montana-Dakota's proposed resource addition is prudent; (2) Whether the Commission should grant Montana-Dakota an advance determination of prudence; (3) Whether public convenience and necessity will be served by construction and operation of the facilities; (4) Whether Montana-Dakota is fit, willing and able to provide service; (5) Whether Montana-Dakota's proposed early plant retirements are reasonable and prudent; and (6) Whether Montana-Dakota's proposal for accelerated depreciation should be approved.

On April 2, 2020, Montana-Dakota and Advocacy Staff filed a Settlement Agreement with the Commission. Montana-Dakota and Advocacy Staff agreed Heskett 4 is a reasonable and prudent resource addition that will provide cost effective and reliable electric generation capacity for Montana-Dakota and its customers. Heskett 4 is a prudent resource at a total capital expenditure cost up to \$68.7M million excluding AFUDC. The Parties also agreed a Certificate of Public Convenience and Necessity for Heskett 4 should be issued because Heskett 4 is needed to provide reliable and economic electric generation for Montana-Dakota's customers and Montana-Dakota is fit, willing and able to provide electric service. The Parties agreed Montana-Dakota has met the standard for deferred accounting treatment for the costs associated with the retirement of the Lewis & Clark Unit 1, Heskett 1 and Heskett 2 generating stations, subject to approval by the Commission in a future application. Montana-Dakota may seek recovery of the approved costs through the Generation Resource Recovery Rider. The Settling Parties agreed that the accelerated depreciation costs, offset by excess deferred taxes, and decommissioning costs approved to be recovered shall be amortized

over 15 years with the authorized rate of return applied and the employee related costs approved to be recovered shall be amortized over 5 years.

On April 20, 2020, the Commission issued its Amended Notice of Consolidated Hearing in the above captioned Cases determining the hearing would be held remotely due to the ongoing Covid-19 emergency.

On April 30, 2020, the hearing was held remotely with the Administrative Law Judge being present in the Commission Hearing Room, State Capitol, 600 E. Boulevard Avenue, 12th Floor, Bismarck, North Dakota 58505, and all other Commissioners, parties, counsel, and witnesses appearing remotely.

Montana-Dakota and Advocacy Staff witnesses testified in support of the Settlement Agreement.

Having considered this matter, the Commission finds the Settlement Agreement reasonable and acceptable. Therefore, the Commission issues the following:

Order

The Commission Orders:

1. The Settlement Agreement filed April 2, 2020, is APPROVED. A copy of the Settlement Agreement is attached to this Order and made part of the Order.
2. Certificate of Public Convenience and Necessity Number _____ is issued to Montana-Dakota for the Heskett 4 Project.

PUBLIC SERVICE COMMISSION

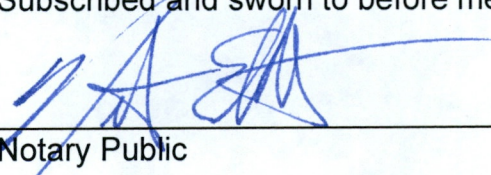
Randy Christmann
Chairman

Julie Fedorchak
Commissioner

Brian Kroshus
Commissioner


Brenda Vitek

Subscribed and sworn to before me, today, May 15, 2020.



Notary Public

NILS EBERHARDT
Notary Public
State of North Dakota
My Commission Expires April 3, 2022