

400 North Fourth Street
Bismarck, ND 58501
701-222-7900

November 9, 2021

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505

Re: Case No. PU-21-373
Application for Financial Incentive

Montana-Dakota Utilities Co. (Montana-Dakota) herewith submits additional comments regarding the application filed for rate treatment of a financial incentive related to a power purchase agreement (PPA) pursuant to North Dakota Century Code (NDCC) section 49-06-02(4) (Statute).

Montana-Dakota appreciates Advocacy Staff's (Staff) analysis of Montana-Dakota's application to meet the requirements of the Statute; however, the Company disagrees with its recommendation to deny Montana-Dakota's request for a financial incentive for the Minnkota PPA. The Company believes that it meets the requirements of the Statute as it pertains to a financial incentive in rates for the Minnkota PPA.

The Company asserts the legislation was drafted to encourage utilities like Montana-Dakota to enter into PPA's with new and/or existing coal-fired generating plants that burn lignite fuels, such as Milton R. Young Unit 1. An incentive was developed to further encourage such behavior. Montana-Dakota feels it satisfies the provision of the law and is eligible for the financial incentive in that the utility meets the requirements for following criteria:

1. For a dispatchable generating unit, plant or facility
2. For an on-demand generating unit, plant or facility
3. Deemed to protect grid reliability

Staff's recommendation indicated that Montana-Dakota did not meet the 3 criteria in the Statute given the energy associated with the PPA is non-dispatchable, not on-demand, and does not protect grid reliability. As is defined Mr. Neigum's attached rebuttal testimony, the Company believes the legislative intent of the law was to focus on the lignite fueled generating unit, plant, or facilities and not the energy that Staff is referencing. Also, the Company is not aware of a determining factor to assign grid reliability unless the unit is being considered for retirement.

Finally, although the PPA was executed between Minnkota and Montana-Dakota on March 4, 2020, the Statute doesn't impose any requirements as to when a qualifying PPA must be executed to be eligible for incentive treatment.

If you have any questions regarding these reply comments, please contact me at travis.jacobson@mdu.com or (701) 222-7855.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachment

Cc: A. Mann
Victor Schock