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TAYLOR  
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November 15, 2017

**Submitted Via E-Filing to:**

State of Montana  
Public Service Commission  
1701 Prospect Ave  
P.O. Box 202601  
Helena, MT 59620-2601

**RE: Docket No. N-2015-11-91**

Dear Public Service Commissioners:

We respectfully request that our notice filed with the Public Service Commission on October 5, 2017, on behalf of Rocky Mountain Power, LLC, be included as public comment for consideration under the open NorthWestern Energy's Electric Supply Procurement Plan, Docket No. N-2015-11-91. We understand that the published public comment period closed in September. However, we have been informed by Public Service Commission staff that the Commission's practice historically has been to accept public comment until the docket is closed.

Should you have any questions or need anything further, please do not hesitate to contact our office.

Sincerely,

TAYLOR LUTHER GROUP, PLLC

Cecelia M. Hamilton

Legal Assistant to Mark Taylor and Pam Bucy

## **Rocky Mountain Power, LLC**

Hardin Generating Station  
Station Route 1, Box 1144A 643  
Industrial Park Road  
Hardin, MT 59034

October 5, 2017

Commissioner Brad Johnson, Chairman  
Montana Public Service Commission  
1701 Prospect Avenue  
Helena, MT 59624

### **For Informational Purposes**

Dear Commissioner Johnson:

I am writing to advise members of the Montana Public Service Commission that Rocky Mountain Power, LLC (“RMP” or the “Company”) has decided to exit the Hardin Generating Station (“Hardin”), which is in the Town of Hardin, Big Horn County, Montana.

Hardin is a highly reliable generator and has been an important resource to the Big Horn County community. With 120 megawatts of gross capacity, it is the most modern coal plant in Montana and was designed with the best available emissions control technology (BACT). The plant was constructed in 2006 by a subsidiary of MDU Resources. RMP acquired the asset from MDU in 2007.

Hardin is a merchant power plant that has been selling electricity into the Mid-C market through short term supply contracts for many years. While Hardin’s cost of production is among the lowest for thermal generators in the region, the decline in the market price of electricity has caused Hardin to lose money since 2014. Further, Hardin’s reliability-related attributes are not properly compensated in the merchant market. Unfortunately, these losses are no longer sustainable, and the Company is forced to make a decision about the plant’s future.

In light of the economic circumstances, RMP is considering two options for the future of Hardin: a sale or plant closure. Given the plant’s importance to Big Horn County and the reliability it provides to the system, we expect that a sale of the plant would be preferential for all major stakeholders, and as such we have initiated preliminary discussions with potential interested parties. We believe Hardin would be a valuable asset for an electricity distribution company or an industrial concern or consortium with a substantial electric load. Irrespective of the buyer, Hardin represents an important energy resource in Montana – its delivered fuel cost is substantially lower than natural gas during any month and it can provide reliable, baseload power to Montana homes and businesses well below current retail rates.

The facility, located on 200 acres of land owned by RMP, is also favorably positioned for future renewable and repowering opportunities. A 15 MW solar facility was proposed at Hardin in 2012, which included preliminary design work and an environmental assessment study. Additionally, the facility is located within three miles of a WBI natural gas pipeline and could be converted to natural gas as primary fuel.

If we are unable to identify a buyer for the facility, plant closure would be likely, perhaps as soon as the first or second quarter of 2018. We would of course notify State, Crow Nation, County and Town officials well in advance of a potential plant closure and would work with all parties to ensure an orderly transition to mitigate the economic and employment effects of shuttering such an important asset to the local and state economy.

The plant currently employs 30 people with an average salary of \$64,000 and an annual payroll of about \$3 million. Additional jobs at the nearby Absaloka Coal Mine, which supplies coal to Hardin, would likely be affected as well. A plant shut-down would eliminate approximately \$440,000 in annual property tax payments to local governments and eliminate the royalties paid to the Crow Nation from the approximate 550,000 tons of coal mined each year to fuel the Hardin Plant.

RMP will keep the Commission updated with respect to Hardin's future and we welcome your thoughts on this matter. If you have any questions, please don't hesitate to contact me at (406) 638-9140 or [garneson@heorotpower.com](mailto:garneson@heorotpower.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Arneson", written in a cursive style.

Gary Arneson  
Vice President, Operations

**Hardin Generating Station**  
Plant Statistics and Site Characteristics

**Plant Statistics**

Name Plate Generating Capacity	120 MW
Net Generating Capacity	107 MW
Plant Availability (2006 - 2017 YTD)	89%
Fuel	Powder River Basin Coal
Primary Fuel Source	Absaloka Mine (Westmoreland)
Heat Rate	12.3 MMBtu/MWh
Coal Consumption @80% capacity factor	0.72 tons/MWh
Total annual Coal Consumption @ 80% capacity factor	549,452 tons
Transmission Service Provider	NorthWestern Energy
Number of Employees	30
Annual Payroll Expense	\$3.0 million
Annual Property Tax	\$439,000

**Plant Site Characteristics**

Area of Plant Site	200 acres
Conversion Capability	Plant is within 3 miles of WBI gas pipeline and could be converted to natural gas as primary fuel
Renewable Resource Potential	Preliminary design work completed for 15 MW solar development
Environmental Controls	Low NO <sub>x</sub> burners, selective catalytic reduction (SCR), powdered activated carbon (PAC) injection, spray dryer absorber (SDA), fabric filter bag house. The plant scrubs for NO <sub>x</sub> , SO <sub>2</sub> , mercury, CO, and particulate matter.