



January 30, 2026

Miranda Edwards
NorthWestern Energy
11 East Park Street
Butte, Mt 59701

Sent via email to: Miranda.edwards@northwestern.com

RE: Tax Certification of Air Pollution Control Equipment Application- SCR with Ammonia Injection and Oxidation Catalyst System

Dear Ms. Edwards:

On December 19, 2025, NorthWestern Energy submitted a tax certification application to the Montana Department of Environmental Quality – Air Quality Bureau (DEQ) for certification of air pollution control equipment covered by the Administrative Rules of Montana (ARM) 17.80.102 for purposes of classification under 15-6-135, MCA. The application was for new pollution control equipment located at the Yellowstone County Generating Station (YCGS) in Laurel. The scope of the request included the selective catalytic reduction (SCR) systems associated with each of the eighteen (18) Reciprocating Internal Combustion Engines (RICE). Generally, all capital costs to design and construct the entirety of the system are included which focuses on reductions in oxides of nitrogen (NOx), volatile organic compounds (VOCs) and carbon monoxide (CO). DEQ is unable to provide certification without additional information required by the Department of Revenue (DOR) CAB-2 Form and has some questions on specific line items included within the capital cost summary.

The capital cost summary below reflects NorthWestern Energy’s representation of the costs associated with the SCR systems and related ammonia and exhaust gas equipment proposed as pollution control equipment. DEQ is reviewing these costs to determine which portion qualifies for certification.

Ammonia Area	Total Costs
Ground Mat	\$1,526,329
Earthwork	\$1,369,009
Concrete	\$2,389,424
Fire Protection System	\$2,117,250
Aqueous Ammonia tank	\$1,221,339
Aqueous Ammonia Module	\$222,196
Aqueous Ammonia Pumps	\$222,196
Aqueous Ammonia Dosing and Injection System	\$1,247,755
Subtotal	\$10,315,498

Water Treatment Area	
Drainage & Sewer System	\$1,504,537
Waste Water Holding Tank	\$219,332
Subtotal	\$1,723,869
Earthwork (Exhaust Stack)	\$2,137,198
Foundations (Exhaust Stack)	\$5,654,193
GSU Foundation/Secondary Containment	\$2,906,956
Exhaust System	\$7,464,934
Exhaust Gas Expansion Joint Set B	\$1,034,509
Exhaust System Rupture Disk	\$1,034,509
Exhaust Gas Ventilation Valves	\$1,034,509
Exhaust Gas Ventilation Fans	\$1,034,509
Exhaust Gas Ventilation Instrumentation	\$1,034,509
Exhaust Gas Expansion Joint After Turbo Charger	\$1,034,509
Earthwork (SCR Area)	\$2,137,198
Pollution Control Monitoring System Hug System	\$1,109,102
SCR-Catalyst-Pollution Control System Units-Hug System	\$9,116,332
SCR-Pollution Control System-Hug System	\$1,247,755
NOx Controller-Pollution control System	\$301,368
Oil Water Separator	\$627,682
Subtotal	\$38,909,772
Grand Total	\$50,949,139

Additional Requested Information

1. DEQ was unable to find the complete information in the submittal required for item #10 for the CAB-2 Form. Specifically, #10 states:

Provide a detailed itemization of capital and operating costs for each piece of equipment under consideration for certification in this application (ARM 17 .80.103(5) and ARM 17 .8.103(6)).

DEQ acknowledges capital costs were provided for the project but did not find any estimate of operating costs for the equipment. Because ARM 17.80.103(5) and (6) and CAB-2 item 10 require both capital and operating cost information for each piece of equipment proposed for certification, please include an estimate of monthly or annual operating costs for the SCR related equipment.

2. Please provide an explanation and any supporting calculations showing how earthwork costs both in the Ammonia Area and SCR Area were delineated from site-wide earthwork costs. If these were scaled based on surface area versus total site construction footprint etc., please confirm for the record.
3. Please confirm that the line item 'Fire Protection System' reflects equipment and systems required due to the use and storage of aqueous ammonia for the SCR system, and that this system would not be required absent the SCR-related aqueous ammonia hazards.

4. There are two identical cost entries (\$221,196) for “aqueous ammonia module’ and aqueous ammonia pumps’, please confirm these entries and whether they represent per-unit costs or aggregated costs, and provide an explanation as necessary.
5. There are six identical cost entries (\$1,034,509) related to Exhaust Gas items, please confirm these entries and whether they represent per-unit costs or aggregated costs, and provide an explanation as necessary.
6. Please provide a brief explanation of the role of Exhaust Gas Ventilation Valves and Exhaust Gas Ventilation Fans as it relates to the SCR system, including whether they are necessary to ensure proper operation of the SCR system.
7. Please provide an explanation of whether the two items titled Earthwork Exhaust Stack and Foundations Exhaust Stack account for the fact that exhaust stacks and associated foundations would have been required even without the SCR system. Under Montana law, pollution control equipment costs may include only that portion of identifiable property and the additional incremental costs attributable to the pollution control function, above the cost that otherwise would have been required.

The application was reviewed based upon information available to DEQ at the time this determination was made. DEQ anticipates providing public notice regarding the processing and determination of this Tax Certification application review. Calculation details may be an important element of that notice and of DEQ’s final determination.

Please submit the additional information to DEQ as referenced above by March 2, 2026, or if additional time is needed, please request an extension to submit the additional information. DEQ will not deem the application complete until it receives adequate responses to these items.

If you have any questions or concerns, please feel free to contact me by telephone at (406) 444-6711 or via e-mail at chenrikson@mt.gov.

Sincerely,



Craig Henrikson, P.E.
Environmental Engineer
Air Quality Bureau

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