



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

January 31, 2013

Mr. Robert Nelson
Montana Consumer Counsel
111 North Last Chance Gulch, Suite 1B
PO Box 201703
Helena, MT 59620-1703

Re: General Gas Rate Application
Docket No. D2012.9.100

Dear Mr. Nelson:

Montana-Dakota Utilities Co. electronically submits its responses to the Montana Consumer Counsel's data requests dated January 11, 2013 and January 18, 2013. Responses to the following requests are attached:

MCC-136	MCC-165
MCC-150	MCC-166
MCC-151	MCC-173

Sincerely,

Rita A. Mulkern
Director of Regulatory Affairs

Attachments

cc: Service List

Montana-Dakota Utilities Co.
Docket No. D2012.9.100
Service List

Ms. Kate Whitney, Administrator
Utility Division
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601
kwhitney@mt.gov

Robert Nelson
Montana Consumer Counsel
111 North Last Chance Gulch, Suite 1B
PO Box 201703
Helena, MT 59620-1703
robnelson@mt.gov

John Alke
40 West Lawrence, Suite A
PO Box 1166
Helena, MT 59624-1166
johnalke@hksalaw.com

Albert E. Clark
2871 S Conway Rd. 127
Orlando, FL 32812
aclark154@cfl.rr.com

John W. Wilson
J W Wilson & Associates
1601 N Kent Ste. 1104
Arlington, VA 22209
john@jwwa.com

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 11, 2013
DOCKET NO. D2012.9.100**

**MCC-136 RE: SPR
WITNESS: ROBINSON**

Please provide the output of each separate SPR analysis whether relied upon or not, by account.

Response:

Please see Response No. MCC-135 for a complete copy of the historic depreciation database. The output of the SPR analysis is not maintained in paper copy or other format. The databases and study software are electronic and the analysis is run in real time during the course of completing the study and plot outputs are provided (in the depreciation study report) for the service life parameters that were estimated for each of the property groups. The provision of any such output information would require rerunning the numerous SPR analyses and capture the results in an output file. The SPR and or other analysis is one additional tool of various items that are reviewed to identify the applicable service life for each of the applicable property groups.

It is imperative to note that page 126 of the "NARUC 1996 Public Utility Depreciation Practices" manual specifically states that: "Depreciation analysis should avoid becoming ensnared in the mechanics of the historical life study and relying solely on mathematical solutions. The reason for making an historical life analysis is to develop a sufficient understanding of history in order to evaluate whether it is a reasonable predictor of the future."

Within the SPR analysis, simulated calculations are prepared using the original gross additions along with the various curves and lives to test which life characteristics and lives best fit the range of year end balances. Such mathematical calculation are not intended to support the contention that the best fit curve is the appropriate service life parameter to be used for each of the applicable property groups.

At least two reasons exist as to why it is often not appropriate to use the mathematically best fit curve is that in many circumstances the best fit curve is often an "O" or "L" mode curve with an extremely long curve (e.g., 150 year average service life, etc). The use of such a life and curve as the applicable future service life an account is routinely unwarranted both because the life is irrational with regard to the typical average service life experience of the account being studied, and secondly because the life characteristic (mode of curve) is not representative of what the property being studied would experience. Since property is placed into service with the expectation that its usefulness will continue for a longer length of time, with fewer retirements occurring early in the life of the property group, higher subscript and/or more right mode curves (with the exception of interim retirement curves, are routinely experienced and

**MONTANA-DAKOTA UTILITIES CO.
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estimated for most property groups. Some limited quantities of property groups often are influenced by non age dependent factors such as vehicular accidents or highway projects and therefore demonstrate a lower subscript curve type, etc.

In the life analysis process, professional judgment is routinely used to select a life characteristic of the property class subsequent to which the analysis result for that characteristic is consider in the development of the estimate future average service life. That being said, life estimation process is not one of simple arithmetic calculation of historical data. While the historical retirement rate analysis and/or SPR analysis are valuable analytical tools, they are just that a tool to use and consider in the overall process. Professional judgment and experience, as well as consideration of current company factors and future events must be incorporated into the process.

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 11, 2013
DOCKET NO. D2012.9.100**

**MCC-150 RE: ACCOUNT 376
 WITNESS: ROBINSON**

Please provide a detailed narrative explaining specifically how the 47R4 life-curve combination was selected for Accounts 376.1 and 376.2 – Mains Steel and Plastic, respectively. To the extent SPR results were relied upon, provide all ranking criteria for selected curves, as well as full justification for which band analysis was relied upon, and why the results of other bands were not relied on.

Response:

Please see Attachment A for a general ranking of statistical best fit curve for varying experience bands. The output of the SPR analysis is not maintained in paper copy or other format. The databases and study software are electronic and the analysis was utilized to run numerous band analysis in real time during the course of completing the study. Plot outputs are provided in the depreciation study report for the service life parameters that were estimated for each of the property groups.

Please see Response No. MCC-135 for a complete copy of the historic depreciation database. The SPR is one additional tool of various items that are reviewed to identify the applicable service life for each of the applicable property groups.

Montana-Dakota Utilities Company
Gas Division
376.00 MAINS

Summary of Simulated Curve Fitting Results
5 Year Band

Experience Band	Curve Dispersion	Ave. Serv. Life	Least Sum Of Square	Conformance Index	Index of Variation	Ret. Exp. Index
1916 - 2008	O3	160.6	7.818200E+13	28.38	35.23	43.37
2004 - 2008	O3	191.5	4.643100E+11	313.9	3.19	37.33
1999 - 2003	O3	172.9	5.993700E+11	227.5	4.4	40.78
1994 - 1998	O3	150.9	4.652100E+11	229.4	4.36	45.62
1989 - 1993	O4	185.3	3.044900E+11	216.8	4.61	48.26
1984 - 1988	S.5	61.2	2.596900E+11	197.7	5.06	79.35
1979 - 1983	O4	166.6	1.917100E+11	185.2	5.4	51.84
1974 - 1978	O4	140.6	1.526200E+11	163.1	6.13	57.46
1969 - 1973	R4	28.8	1.331000E+10	446.7	2.24	100
1964 - 1968	O4	114.5	2.242100E+09	784.2	1.28	63.88
1959 - 1963	R2.5	34.9	1.655100E+10	215.2	4.65	100
1954 - 1958	R2.5	36.3	7.171700E+08	699.5	1.43	100
1949 - 1953	S6	31.8	1.322600E+08	954.9	1.05	100

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 11, 2013
DOCKET NO. D2012.9.100**

MCC-151 RE: ACCOUNT 380

Please provide a detailed narrative explaining specifically how the 40R3 life-curve combination was selected for Account 380 – Services. To the extent SPR results were relied upon, provide all ranking criteria for selected curves, as well as full justification for which band analysis was relied upon and why the results of other bands were not relied on.

Response:

Please see Attachment A for a general ranking of statistical best fit curves for varying experience bands. The output of the SPR analysis is not maintained in paper copy or other format. The databases and study software are electronic and the analysis was utilized to run numerous additional band analyses in real time during the course of completing the study and plot outputs are provided (in the depreciation study report) for of the service life parameters that were estimated for each of the property groups.

Please see Response No. MCC-135 for a complete copy of the historic depreciation database. The SPR is one additional tool of various items that are reviewed to identify the applicable service life for each of the applicable property groups.

Montana-Dakota Utilities Company
Gas Division
380.00 SERVICES

Summary of Simulated Curve Fitting Results
5 Year Band

Experience Band	Curve Dispersion	Ave. Serv. Life	Least Sum Of Square	Conformance Index	Index of Variation	Ret. Exp. Index
1920 - 2008	O4	186.4	5.230700E+12	42.15	23.73	46.56
2004 - 2008	SQ	39	1.445400E+11	258.1	3.87	100
1999 - 2003	O4	187	8.619500E+10	248.9	4.02	46.46
1994 - 1998	O4	169	2.466400E+10	382	2.62	49.87
1989 - 1993	O4	160.1	1.470400E+10	373.2	2.68	51.68
1984 - 1988	R1	48.4	3.031200E+10	218.9	4.57	98.3
1979 - 1983	R3	35	6.566000E+09	356.0	2.81	100
1974 - 1978	R4	30.5	2.039000E+09	451.9	2.21	100
1969 - 1973	R1	41.2	5.071400E+08	600.3	1.67	100
1964 - 1968	R2.5	35.1	1.657900E+08	702.4	1.42	100
1959 - 1963	R4	34.4	2.809400E+08	393.8	2.54	100
1954 - 1958	S1.5	40.1	5.575800E+06	1879	0.53	100
1949 - 1953	L3	37.7	6.839800E+06	1077	0.93	100

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 18, 2013
DOCKET NO. D2012.9.100**

**MCC-165 RE: Post-retirement Benefits
WITNESS: Jones**

**Provide the study supporting the post-retirement benefits on Statement
Workpapers, page G-46.**

Response:

Please see Attachment A.

Response No. MCC-165
Attachment A

Response No. MCC-165
Attachment A

MDU Resources Group, Inc.
Postretirement Welfare Plan

Determination of the Net Periodic Postretirement
Benefit Cost for the Fiscal Year Ending December 31, 2012

Revised to Reflect 2012 MDU Resources Plan Change

Prepared by:

New York Life Retirement Plan Services
690 Canton Street
Westwood, MA 02090

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I. Introduction

The purpose of this report is to present certain financial information for the purpose of determining postretirement welfare cost in accordance with Financial Accounting Standards Codification (ASC) 715-60 (Formerly FAS 106).

This report was based on information submitted to our firm in the form of census and benefit data, as well as ancillary material pertaining to the Plan. In addition, the actuarial assumptions as to weighted-average discount rate, rate of increase in compensation levels, and expected rate of return on plan assets described in Section VI of this report were supported by the plan sponsor and its auditors.

Actuarial computations under FASB ASC 715-60 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of FASB ASC 715-60. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

On August 1, 2012, MDU Resources amended the post-65 medical plan for non-grandfathered retirees, effective January 1, 2013. For this group, post-65 coverage is replaced by a fixed dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange. In 2013, the subsidy amount is \$1,005.

A summary of key valuation results is shown below:

Net Periodic Benefit Cost/(Credit)	MDU
▶ 2012	\$2,241,482
▶ 2011	\$1,946,474

November 26, 2012

Date

Mark B Magnus

Mark Magnus, M.A.A.A., A.S.A.

November 26, 2012

Date

Christopher E. Bean

Christopher E. Bean, M.A.A.A., A.S.A.

II. Determination of Net Periodic Postretirement Benefit Cost Fiscal Year Ending December 31, 2012

1. Employer Service Cost	<u>Total</u>
a. Amount at beginning of year	\$1,344,934
b. Interest	55,411
c. Total service cost (a. + b.)	1,400,345
2. Interest Cost	
a. APBO at beginning of year *	88,982,709
b. Expected distributions	5,168,887
c. Average expected APBO	86,398,266
d. Discount rate	4.12%
e. Interest cost (c. x d.)	3,559,608
3. Expected Return on Assets	
a. Market-related value at beginning of year	73,700,955
b. Expected distributions	5,168,887
c. Expected contributions	2,650,000
d. Average market-related value of assets	72,441,511
e. Long term rate of return	6.75%
f. Expected return (c. x d.)	4,889,802
4. Amortization of transition obligation	2,125,471
5. Amortization of prior service cost	(1,437,636)
6. Amortization of (gain) or loss	1,881,399
7. Net Periodic Benefit Cost (1.c.+2.e.-3.f.+4+5+6)	\$2,639,385

* *On August 1, 2012, MDU Resources amended the retiree medical benefit for post-1993 retirees. The APBO shown in item 2.a. is calculated based on 7 months of the plan prior to this amendment and 5 months of the plan after the amendment.*

III. Amortization Amounts for 2012 NPPBC

	<u>MDU</u>
1. Transition Obligation	
a. Unrecognized Transition Obligation on 1/1/12	\$2,125,471
b. Amortization of Transition Obligation in 2012 NPPBC	\$2,125,471
2. Prior Service Cost	
a. Unrecognized Prior Service Cost on 1/1/2012	(5,462,300)
b. Amortization of Prior Service Cost in 2012 NPPBC prior to 2012 amendment	(375,194)
c. August 1, 2012 Plan Amendment	(11,418,387)
d. Amortization of Prior Service Cost in 2012 for 2012 Plan Amend. (5 months)	(349,829)
e. Total Amortization of Prior Service Cost in 2012, b. + d.	(725,023)
3. (Gain)/Loss	
a. Unrecognized (Gain)/Loss on 12/31/2011	26,612,758
b. APBO on December 31, 2011	72,666,368
c. APBO on January 1, 2012, based on updated census and claims cost data *	70,841,022
d. Unrecognized (Gain)/Loss on 1/1/2012, a.-b.+c.	24,787,412
e. (Gain) or loss not reflected in market-related value of assets on 1/1/2012	
i. Fair value	51,006,014
ii. Market-related value	56,621,979
iii. Amount not reflected in d., e.i.- e.ii.	(5,615,965)
f. (Gain) or loss including amounts in MRV of assets, d.+ e.iii	19,171,447
g. Blended APBO*	66,083,360
h. Greater of g. or e.ii.	66,083,360
i. 10% of h.	6,608,336
j. (Gain) or loss subject to amortization, excess of f. over i.	12,563,111
k. Average future service of active employees	16.14
l. Amortization of (gain)/loss in 2012 NPPBC, j./k.	778,384

* On August 1, 2012, MDU Resources amended the retiree medical benefit for post-1993 retirees. The Blended APBO shown in item 3.g. is calculated based on 7 months of the plan prior to this amendment and 5 months of the plan after the amendment.

IV. Attachments
Attachment A
Asset Values

Fair value, excluding contributions receivable

	<u>MDU</u>
• As of January 1, 2011	52,409,346
• Employer Contributions	2,281,592
• Participant Contributions	2,141,226
• Gross Disbursements	(5,163,305)
• Investment Return, Net of Taxes	<u>(662,845)</u>
• As of January 1, 2012	51,006,014
• Rate of Return:	-1.3%

Market-related value

* As of January 1, 2011	58,332,078
* As of January 1, 2012	56,621,979
* Rate of Return	-1.7%

IV. Attachments (continued)
Attachment B
Information for the Deferred Tax Calculation*

	<u>Including</u> <u>MMA Subsidy</u>	<u>Excluding</u> <u>MMA Subsidy</u>
FAS 106 Net Periodic Benefit Cost/(Credit)		
* 2012	\$2,639,385	\$3,391,811
* 2011	532,761	1,154,338
 Development of Prepaid (Accrued) Postretirement Benefit Cost as of December 31, 2011		
Prepaid (accrued) postretirement benefit cost as of December 31, 2010	3,473,187	(5,225,979)
Changes During 2011:		
* FAS 106 Net Periodic Benefit (Cost)/Credit	(532,761)	(1,154,338)
* Employer Contributions	2,509,581	2,509,581
* Curtailments, settlements, and termination benefits	0	0
Prepaid (accrued) postretirement benefit cost as of December 31, 2011	5,450,007	(3,870,736)

* As part of the Patient Protection and Affordable Care Act (PPACA) passed on March 23, 2010, Medicare Part D subsidy payments in 2013 and later will be taxable

IV. Attachments (continued)
Attachment C
2012 Net Periodic Benefit Cost by Business Unit

Group	APBO on 1/1/2012	Components of 2012 Expense				Total 2012 Expense
		Service Cost	Interest Cost	Exp. Return on Assets	Amortization	
Utilities	48,607,659	724,989	1,944,336	(2,714,822)	3,103,817	3,058,320

V. Participant Data

A summary of participant data as of January 1, 2012 is shown below:

Active Employees	<u>MDU</u>
* Number	1,185
* Average Age	46.2
* Average Service	16.3
Retirees and Surviving Spouses	
* Number	995
* Average Age	76.1
Dependents	
* Number	468
* Average Age	71.7

MDU Resources Group

Participant Counts for Retiree Welfare Plan as of January 1, 2012

*Resources, Utilities, and Business Units Information for State of Montana Filing
(Excludes 36 key employees):*

Active Employees	866
Inactive Employees	
* Retirees*	601
* Surviving Spouses	160
* Subtotal Inactives	761
Total	1,627

* Includes 15 retired participants who have life insurance coverage only.

VI. Actuarial Assumptions

Economic Assumptions

Discount Rate:	4.12%
After-tax rate of return on assets	6.75%

Medical Benefit Assumptions

MDU/ 2012 Claims cost:

	<u>Age</u>	<u>Annual Cost</u>
Overall average	< 65	\$7,608
	≥ 65	3,468
Cost at Age 65	< 65	8,685
	≥ 65	2,768
	Post-93 65+ Retiree Subsidy (2013)	1,005
Annual Morbidity	< 65	3.5%
	65 – 69	2.5%
	70 – 74	2.0%
	75 – 79	1.5%
	80 – 84	1.0%
	85 – 89	0.5%
	≥ 90	N/A

Medical Trend 6% for all years (MDU annual increase in company subsidy is capped at 6% for non-grandfathered retirees)

4% for all years for post-65 fixed dollar contribution for retirees purchasing coverage through an exchange in 2013 and later (post-1993 retirees only)

MMA Assumptions

Eligibility for Medicare Part D Subsidy

The benefits to all MDU participants (excluding those enrolled in the RRA plan) in aggregate are actuarially equivalent to Medicare Part D.

Medicare Part D Subsidy value

The Part D subsidy beginning in 2012 is \$443.56 per participant per year

VI. Actuarial Assumptions (continued)

Demographic Assumptions

▶ Mortality (All groups)

IRS 2012 Static Mortality Table

Sample Rates:

▶ Termination (MDU)

Age	Male	Female
25	.0718	.1505
35	.0217	.0315
45	.0111	.0148
55	.0029	.0042

▶ Retirement (MDU)

Age	Rate
55	3%
56 - 58	1%
59	3%
60 - 61	10%
62	25%
63 - 64	20%
65	100%

VI. Actuarial Assumptions (continued)

- ▶ Percentage with spouse coverage
 - Active employees 80%
 - Retirees Based on actual data

- ▶ Spouses Ages
 - Active employees Wife three years younger than husband
 - Retirees Based on actual data

VI. Actuarial Assumptions (continued)

▶ Participation Rates – Active employees

- MDU 95% for pre-65 medical coverage, 65% for post-65 retiree medical coverage, and 100% for retirees electing RRA coverage

- ▶ Participation Rates - Retirees Based on actual data

Actuarial Methods

- ▶ Measurement Date Fiscal year-end
- ▶ Service Cost and APBO Projected unit credit, allocated from date of hire to full eligibility date. For MDU employees eligible for traditional medical coverage, the full eligibility date is the date the participant attains age 65 with 30 years of service. For all other retirees, full eligibility is attained by retirement eligibility (60 & 10 for MDU/retirees enrolling in the RRA plan.
- ▶ Benefits Not Valued All benefits were valued as reported herein.

Change in Assumptions and Methods Since Prior Valuation

Post retirement welfare cost: The discount rate was changed from 5.20% to 4.12%. The mortality assumption was changed to IRS 2012 Static Mortality Table. The medical claims and contributions were adjusted to reflect updated experience.

VII. Summary of Plan Provisions

The following summary of plan provisions represents our understanding of the substantive plan.

Medical Benefits – MDU:

Eligibility	Retirement after age 55 with 10 years of continuous service (or 60 with 10 or more years of continuous service for MDU employees who are only eligible for the RRA plan described below). Employees hired after December 31, 2009 are not eligible for postretirement health and life insurance benefits.
Dependent eligibility	Spouse and unmarried children under age 19 or a full-time student under age 25; spouse only for retirees electing the RRA plan.
Survivor eligibility	Eligibility continues beyond death of retiree.

Retiree Contributions

Participants who retire prior to January 1, 1994:

Fixed-dollar contributions indexed with medical inflation. The 2012 schedule is as follows:

Retirement Status	Monthly Contribution
Retiree over 65	\$0.00
Retiree over 65 and spouse under 65	\$0.00
Retiree over 65 and spouse over 65	\$0.00
Surviving spouse under 65 (MDU)	\$45.00
Surviving spouse over 65 (MDU)	\$20.00
Surviving spouse and dependents (MDU)	\$95.00

Participants who retire on or after January 1, 1994:

Since 1994, the company has maintained an annual 6% cap on the employer-paid portion of medical claims increases. Annual increases in medical claims costs in excess of 6% are borne by retirees in the form of higher contribution levels. Increases up to 6% are shared by the retiree and employer.

VII. Summary of Plan Provisions (continued)

For retirements prior to January 1, 2005, contributions are assigned based on the retiree's age and service at retirement for both the retiree and spouse. For retirements after December 31, 2004, the contribution amount for the spouse is based on the age of the spouse. Contributions after age 65 are lower than contributions before age 65 to reflect the impact of Medicare. The 2012 premium schedule per covered individual is summarized below.

Monthly Contribution Per Covered Individual – 2012

MDU/

Completed Years of Service at Retirement	Attained Age at Retirement				
	Full Premium = \$634		Full Premium = \$289		
	55 – 59 <u>Pre-65</u>	60 – 64 <u>Pre-65</u>	55 – 59 <u>Post-65*</u>	60 – 64 <u>Post-65*</u>	65 or older <u>Post-65*</u>
10 – 14	\$463	\$438	\$194	\$184	\$173
15 – 19	\$426	\$401	\$178	\$171	\$162
20 – 24	\$388	\$362	\$168	\$156	\$151
25 – 29	\$355	\$335	\$154	\$144	\$134
30 or more	\$332	\$315	\$137	\$130	\$123

Pre-65 benefits Comprehensive plan (Comp 400 & Comp 500)

* *Effective January 1, 2013, the post-65 plan for post 1993 retirees will be replaced by a fixed dollar subsidy for retirees to purchase individual coverage through an exchange.*

VII. Summary of Plan Provisions (continued)

Service	Years and months of service as a covered employee from date of hire.
Post-65 benefits	<p>Prior to 2013, similar to pre-65 benefits, but integrated with Medicare using the benefits less benefits method.</p> <p>Effective January 1, 2013, post-65 coverage is replaced by a fixed dollar subsidy for retirees and spouses to be used to purchase individual insurance through an exchange. In 2013, the subsidy amount is \$1,005.</p>

VII. Summary of Plan Provisions (continued)

MDUc Participants who Retire on or after January 1, 2011:

MDUc participants who retire on or after January 1, 2011 and who have attained age 55 with 10 or more years of continuous service as of December 31, 2010 will have the option of choosing the traditional medical coverage described above or the RRA Plan. For participants who have not attained age 55 and 10 or more years of service as of December 31, 2010, the RRA plan will be the only plan offered to future retirees.

Employees who have not attained age 55 with 10 or more years of continuous service as of December 31, 2010 are subject to a new eligibility requirement of age 60 with 10 or more years of continuous service. For retirees in this plan, the company will make an annual contribution into the RRA of \$3,000 per year (\$6,000 for retiree and spouse) for five years following retirement. The annual contribution will be made for a maximum of 5 years, with the first contribution made in the year of retirement. The RRA can be used to pay premiums for a health insurance plan and/or Medicare plan or any eligible out of pocket expenses. After five years of RRA funding, retirees will be eligible to receive \$125 per month (\$250 per month for retiree and spouse) to purchase a Medicare Supplement plan or pay for eligible out-of-pocket expenses.

Employees hired after December 31, 2009 are not eligible for postretirement health and life insurance benefits.

VII. Summary of Plan Provisions (continued)

Subsidized Life Insurance

MDU

Eligibility

Grandfathered group of retirees only

Postretirement contributions

Company pays \$0.50 per \$1,000 face value with the balance of the full premium paid by retirees.

Benefits

Retirement prior to January 1, 1999: Benefit coverage amount in effect at retirement, reducing 15% per year for five years after age 65 until it equals 25%.

Retirement on or after January 1, 1999: 25% of benefit coverage amount in effect at retirement; \$200,000 cap on the original life insurance coverage amount.

MDU;

Employees hired after December 31, 2009 are not eligible for postretirement life insurance benefits.

VIII. Definitions

- Accumulated Postretirement Benefit Obligation (APBO) - Actuarial present value of all future participant benefits attributed to service up to the valuation date. Amount of the EPBO that has been accrued to date.
- Discount rate - Interest rate used to determine present value of future postretirement benefits.
- Funded Status - Difference between accumulated postretirement benefit obligation and plan assets.
- Interest Cost - Interest on the accumulated postretirement benefit obligation at the discount rate for the accounting period.
- Medical Trend - Annual change in medical cost including changes due to utilization, health care cost trend, and Medicare reimbursement.
- Service Cost - Actuarial present value of benefits attributed to services rendered by employees during the year. Cost of one year's accrual of postretirement health benefits.

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 18, 2013
DOCKET NO. D2012.9.100**

**MCC-166 RE: Allocation to Gas
WITNESS: Mulkern**

Regarding Statement Workpapers, Statement E, pages E-6 – E-12, what caused the changes in the allocation to gas between 2011 and 2012?

Response:

The increase in the allocation of insurance expense to the gas utility from 2011 to 2012 was due to the change in the allocation factors.

The Director's & Officer's Liability Insurance allocation is based on the Montana-Dakota corporate segment allocation factor, which is an average of the Plant and Employee factors. The Employee factor is based on number of hours charged to the electric and gas segments and the Plant factor is based on utility net plant. Fiduciary and Employee Benefits is allocated on the Employee factor. The Employee factor increased for natural gas due to an increase in the ratio of hours to the gas segment. In 2011, the Company changed its The Plant Factor for natural gas increased due to an increase in the ratio of net gas plant.

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 18, 2013
DOCKET NO. D2012.9.100**

**MCC-173 RE: Transmission Level Service
WITNESS: Aberle**

For each large transmission level customer served by MDU, please provide the following information:

- a. Customer's name and location.
- b. Firm DK annual throughput quantity included in Statement L.
- c. Interruptible DK annual throughput quantity included in Statement L.
- d. Firm 1-day peak DK quantity included in Statement L.
- e. Interruptible DK quantity actually delivered in MDU's peak day on the test year.

Response:

- a. The two Rate 82 transmission level customers are identified by customer numbers. Customer 82-1 is located near Laurel, Montana and Customer 82-4 is located near Sidney, Montana.
- b.-e. Please see the table below for data requested for large interruptible transmission level customers:

Customer	Contracted Firm Dk (Rate 70) 1/	Large Interruptible Transmission Transport (Rate 82) 2/	Daily Contract Firm Quantity 1/31/11 Peak Day	Large Interruptible Transmission Dk Delivered on 1/31/11
82-1	0	2,075,491	0	5,262
82-4	3,608	328,809	27	3,220
	3,608	2,404,300	27	8,482

1/ Customer 82-4 contracts for a daily amount of firm deliveries that varies by month.
2/ Statement Workpapers, Statement L, Page 2.