

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER of the Application of )  
MONTANA-DAKOTA UTILITIES CO., ) REGULATORY DIVISION  
a Division of MDU Resources Group, Inc. )  
For Authority to Establish Increased Rates ) DOCKET NO. D2012.9.100  
For Natural Gas Service. )

**DATA REQUESTS OF THE  
MONTANA CONSUMER COUNSEL**

**MCC-194** Regarding: Returns on Natural Gas Utilities  
Witness: J. Stephen Gaske

Please provide an electronic copy, with all source documents, including data and formulas, of Figure 1: Authorized Returns on Equity for Natural Gas Distribution Utilities (2010-2012), as shown at page 3 of your rebuttal testimony. Also, please provide the name of the utility, jurisdiction, requested and awarded ROE and date of filing and of Commission Order for each of the 90 rate proceedings shown on the chart.

**MCC-195** Regarding: Exhibit No.\_(JSG-04)  
Witness: J. Stephen Gaske

Please provide copies of the source documents used for preparing Exhibit No.\_(JSG-04).

**MCC-196** Regarding: Earnings Growth Projections  
Witness: J. Stephen Gaske

Please provide a copy of the document referenced in footnote 7 of your rebuttal testimony: Vander Weide, J.H. and Carleton, W.T., "Investor Growth Expectations: Analysts vs. History," *The Journal of Portfolio Management*, Spring 1988.

**MCC-197** Regarding: Growth Rates Estimates  
Witness: J. Stephen Gaske

Please provide a copy of the documents referenced in footnotes 8, 9, 10, 12 and 18 of your rebuttal testimony:

- a. F. Marston, R. Harris, and P. Crawford, "Risk and Return in Equity Markets: Evidence Using Financial Analysts' Forecasts," in Handbook of Security Analysts' Forecasting and Asset Allocation, J. Guerard and M. Gultekin (eds.), Greenwich, CT, JAI Press; as described in R. Harris and F. Marston, "Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts," Financial Management, Summer 1992.
- b. Advanced Research Center, Investor Growth Expectations, Summer, 2004.
- c. Morin Roger T., New Regulatory Finance.
- d. Sundaresh Ramnath, Steve Rock, and Philip Shane, A Review of Research Related to Financial Analysts' Forecasts and Stock Recommendations, Social Science Research Network, June 30, 2008.
- e. Armen Hovakimian and Ekkachai Saenyasiri, Conflicts of Interest and Analyst Behavior: Evidence from Recent Changes in Regulation, Financial Analysts Journal, Volume 66, Number 4, July/August 2010.

**MCC-198** Regarding: Dividend Yield Adjustment  
Witness: J. Stephen Gaske

- a. Please specify the journals or periodicals to which the paper provided as Exhibit No.\_(JSG-08) was submitted for possible publication. If it was published, please provide a copy of the published version.
- b. Please state whether this paper or arguments substantially similar to those in this paper were presented as evidence in one or more FERC proceedings. If so, please identify those proceedings by name and

docket number, and provide copies of any FERC orders or decisions addressing these arguments.

**MCC-199** Regarding: Exhibit No.\_(JSG-09)  
Witness: J. Stephen Gaske

Please provide an electronic copy (Excel) of your Exhibit No.\_(JSG-09), including all data, supporting documents and worksheets, with formulas and links intact.

**MCC-200** Regarding: Capital Asset Pricing Model  
Witness: J. Stephen Gaske

Please provide a copy of the documents referenced in footnotes 25, 26, 27, 29 and 30 of your rebuttal testimony:

- a. Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives*, Volume 18, Number 3, Summer 2004.
- b. Fama and French, "The Cross-Section of Expected Stock Returns," *Journal of Finance*, Vol. XLVII, No. 2, June 1992.
- c. Value Line Industry Review, March 13, 1992.
- d. Levhari, D. and Levy, H., "The Capital Asset Pricing Model and the Investment Horizon," *Review of Economics and Statistics* (February 1977).
- e. Hawawini, G., "Why Beta Shifts as the Return Interval Changes," *Financial Analysts Journal* (May-June 1983).

**MCC-201** Regarding: Beta  
Witness: J. Stephen Gaske

Please provide an electronic copy of Figure 2: Rolling Average Value Line Beta for Proxy Group Companies, as shown on page 27 of your rebuttal testimony. Please also include all data, formulas, worksheets and supporting documents used in calculating each of the points depicted in the chart.

**MCC-202** Regarding: Flotation Cost Adjustment  
Witness: J. Stephen Gaske

Please provide a copy of the full chapter of the publication from which the quotation at page 30, footnote 35 of your rebuttal testimony was obtained: Myron J. Gordon, *The Cost of Capital to a Public Utility*, Michigan State University, 1974.

**MCC-203** Regarding: Relative Risk  
Witness: J. Stephen Gaske

Please provide a copy of the document referenced in footnote 40 of your rebuttal testimony: Michael Annin, *Equity and the Small-Stock Effect*, Public Utilities Fortnightly, October 15, 1995.

**MCC-204** Regarding: Flotation Cost Adjustment  
Witness: J. Stephen Gaske

At page 2 of JSG-03 you claim that a flotation cost adjustment is required whether or not the regulated company has incurred flotation costs in the past or whether it will incur such costs in the near future. Please provide a calculation showing the amount of test year revenue that MDU will receive from Montana ratepayers if the flotation cost adjustment that you propose is approved in this case.

**MCC-205** Regarding: Comparable Investment Standard  
Witness: J. Stephen Gaske

At page 4 of Exhibit JSG-03 you state that setting the authorized return on common equity for Montana-Dakota's natural gas distribution operations at 9.0 percent would violate the comparable investment standard set forth in the Supreme Court's *Hope* decision. Please provide the specific language from the *Hope* decision that you say establishes such a standard.

**MCC-206** Regarding: Analysts' Forecasts  
Witness: J. Stephen Gaske

At page 7 of Exhibit JSG-03 you state that "Although analysts' long term growth forecasts are typically expressed as five-year forecasts, these forecasts generally represent growth rate expectations for a longer period of time than the five years expressed in the forecasts." Please provide all documentation supporting your contention that the published five year forecasts generally represent growth rate expectations for a longer period of time than the five years expressed in the forecasts.

**MCC-207** Regarding: Analysts' Forecasts  
Witness: J. Stephen Gaske

At page 8 of Exhibit JSG-03 you state that there is no data supporting the observation that stock prices are typically somewhat lower than analysts' price forecasts. Please provide the current stock prices for each of your comparable gas utility companies and the current consensus price forecast from Yahoo Finance for each of these same companies.

**MCC-208** Regarding: Advanced Research Center  
Witness: J. Stephen Gaske

Please identify, by location and affiliation, the specific "Advanced Research Center" that you refer to in Footnote 9 and identify, by name, the author or authors of the "updated study" that you cite.

**MCC-209** Regarding: Exhibit JSG-10 (MDU Common Stock)  
Witness: J. Stephen Gaske

At page 31 of Exhibit JSG-03 and in Exhibit JSG-10 you refer to the three most recent common equity issuances by MDU Resources. Please specify the book value of MDU Resources Group total common stock at 1/1/1998 and at 12/31/2012.

**MCC-210** Regarding: Local Economy  
Witness: J. Stephen Gaske

At page 31 of Exhibit JSG-03 you state that MDU serves an undiversified local economy. Please list the ten largest business sectors in this local economy served by the MDU gas distribution utility in Montana and the percentage of the local economy accounted for by each of these sectors.

**MCC-211** Regarding: Purpose of proceeding  
Witness: J. Stephen Gaske

At page 32 of Exhibit JSG-3 you state that the purpose of this proceeding is to establish the authorized ROE for MDU's Montana natural gas distribution business as if it were a stand-alone entity that is independently going to capital markets to raise equity capital.

- a. Should the cost of the debt component of the Company's capital likewise reflect debt costs as if the Montana natural gas distribution business was a stand-alone entity that is independently going to capital markets to raise debt capital? Please fully explain your answer.
- b. Please provide documentation showing that the Commission's ROE determination in any previous MDU gas distribution rate case was made assuming that the Company's Montana natural gas distribution business was a stand-alone entity that independently went to capital markets to raise equity capital
- c. Please provide documentation showing that any of MDU's equity capital was actually obtained as if the Company's Montana natural gas distribution business was a stand-alone entity going to capital markets independently to raise equity capital.
- d. Please specify and fully explain the regulatory basis under which it would be just and reasonable to the Company's ratepayers for the Commission to establish an authorized ROE in this proceeding under the assumed pretense that MDU's Montana natural gas distribution business was a stand-alone entity that independently went to capital markets to raise equity capital.

**MCC-212** Regarding: Small Utilities  
Witness: J. Stephen Gaske

At page 33 of Exhibit JSG-03 you quote Ibbotson regarding investors' return requirements. Provide any documentation which you assert supports Ibbotson's credibility and expertise on the subject of investors' return requirements for equity capital

**MCC-213** Regarding: Exhibit No.\_\_(TAA-7)  
Witness: Tamie A. Aberle

Please provide an electronic copy of Exhibit No.\_\_(TAA-7) Embedded Class Cost of Service Study with all data, formulas and supporting worksheets intact.

**MCC-214** Regarding: FERC's SFV Methodology  
Witness: Tamie A. Aberle

In reference to your testimony at page 4, lines 7-14, you discuss the Straight Fixed-Variable (SFV) methodology of cost classification, cost allocation, and rate design implemented by the FERC for interstate gas pipelines.

- a. Have you read FERC Order No. 636 Final Rule, issued April 8, 1992? If so, please state when you did so.
- b. Have you read FERC Order No. 636-A Order Denying Re-Hearing In Part, Granting Re-Hearing In Part, And Clarifying Order No. 636, issued August 3, 1992? If so, please state when you did so.
- c. Have you read FERC Order No. 636-B, Order Denying Re-Hearing And Clarifying Order Nos. 636 And 636-A, issued November 27, 1992?

**MCC-215** Regarding: FERC's SFV Method  
Witness: Tamie A. Aberle

You state at page 4, lines 12-14 of your testimony "The SFV method does not support Mr. Donkin's proposal to allocate fixed capacity costs on a demand/energy allocator." Do you agree that in Order Nos. 636, 636-A, and 636-B, the FERC did not require interstate pipelines to use peak day demand quantities as the only allocation factor to be used in distributing a pipeline's fixed

transmission and storage costs to its customers? If you do not so agree, please reconcile that opinion with the following:

“However, the Commission clarifies that it will require the parties to use different ratemaking techniques in connection with the distribution of revenue responsibility among customers to avoid significant cost shifting that may result from the elimination of the two-part demand charge or the allocation of costs based on peak day demand. The pipeline would first use SFV to classify (i.e., assign) all of its fixed transmission and appropriate storage costs to a one-part reservation charge for both allocation and billing purposes. If that classification causes significant cost shifts, the pipeline is required to use some measure, such as seasonal contract quantities (i.e., seasonal entitlements or CDs) as a means to counteract those shifts. (Order No. 636-A, at page 213)

**MCC-216** Regarding: FERC’s SFV Method  
Witness: Tamie A. Aberle

You state at page 4, lines 12-14 of your testimony “The SFV method does not support Mr. Donkin’s proposal to allocate fixed capacity costs on a demand/energy allocator.” Do you agree that the FERC’s SFV method specifically provides for the use of other allocation factors, including seasonal demands and imputed load factors for low load factor customers? If you do not so agree, please reconcile that opinion with the following statements in FERC Order No. 636-A, issued August 3, 1992:

- a. “The Commission directs the parties in the individual proceedings to develop methods for allocating costs among services and distributing revenue responsibility among customers that will minimize significant cost shifting. The Commission strongly encourages the use of seasonal contract quantities to replicate, in part, the allocation of costs based on peak and annual considerations.” (FERC Order No. 636-A, at page 214).
- b. “Order No. 636 stated that the small customers can continue to receive firm transportation under a one-part volumetric rate computed at an imputed load factor similar to the manner in which their current sales rates are determined.” (FERC Order No. 636-A, at page 215).

- c. “The Commission directs the parties in the individual proceedings to develop methods for allocating costs among services and distributing revenue responsibility among customers that will minimize significant cost shifting. The Commission strongly encourages the use of seasonal contract quantities to replicate, in part, the allocation of costs based on peak and annual considerations.” (FERC Order No. 636-A, at page 214).
- d. “Order No. 636 stated that the small customers can continue to receive firm transportation under a one-part volumetric rate computed at an imputed load factor similar to the manner in which their current sales rates are determined.” (FERC Order No. 636-A, at page 215).

**MCC-217** Regarding: FERC’s SFV Method  
Witness: Tamie A. Aberle

You state at page 4, lines 12-14 of your testimony “The SFV method does not support Mr. Donkin’s proposal to allocate fixed capacity costs on a demand/energy allocator.”

- a. Do you agree that in implementing the Order No. 636 requirements, some interstate pipelines developed methods for allocating costs among services and distributing revenue responsibility among customers that were intended to minimize significant cost shifting, due to the SFV method?
- b. Do you agree that in implementing the Order No. 636 requirements, small customers served by interstate pipelines have continued to receive firm transportation under one-part volumetric rates that have been computed at an imputed load factor, similar to the manner in which their previous sales rates had been determined?

**MCC-218** Regarding: Correction to labor expense adjustment  
Witness: Mulkern

At Rebuttal Testimony, page 2, lines 19-22, you indicate a correction to the labor expense adjustment from \$18,149 to \$28,149 for production related labor expense – a difference of \$10,000. Then you state the resulting change is \$10,369 PLUS the effects on workers compensation and payroll taxes. Should the impact be \$10,369 INCLUDING the effects on workers compensation and payroll taxes? If

not, explain why not. If not, what is the impact including the effects on workers compensation and payroll taxes? Provide all work papers that support the calculation.

**MCC-219** Regarding: Correction to Billings landfill ADIT  
Witness: Mulkern

At Rebuttal Testimony, page 6, lines 6-14, you speak of an error in the allocation of the ADIT to Montana. The original allocation resulted in an average Montana balance of \$254,928. The rebuttal indicates you allocated the ADIT twice to Montana and thus understated the ADIT and understated rate base.

- a. How do you understate the Montana ADIT balance if you allocated it twice to Montana?
- b. If you understate the ADIT balance, how do you also understate the rate base?

**MCC-220** Regarding: Correction to Billings Landfill ADIT  
Witness: Mulkern

Please refer to Exhibit No.\_\_\_\_ (RAM-4), page 4 of 8.

- a. The allocation of the plant in service to Montana is \$3,109,209 (of a total of \$10,115,497) or about 31% - an amount that seems expected. The allocation of the accumulated provision for depreciation to Montana is \$153,362 (of a total of \$294,958) or about 52%. Please explain and document why the allocation of the APFD appears to be so far out of line with the allocation of the plant in service.
- b. Please refer again to the allocation of the plant in service. The allocation of the ADIT to Montana is \$880,516 (of a total of \$1,574,831) or about 56%. Please explain and document why the allocation of the ADIT appears to be so far out of line with the allocation of the plant in service.
- c. Please refer to data request MCC-195 and the referenced Rebuttal Testimony. You indicated you understated the ADIT balance, but it has changed from \$254,928 to \$880,516. You also indicated that you understated rate base, but it has changed from \$2,700,919 (per Exhibit No.\_\_\_\_ (AEC-4), page 16 of 18) to \$2,075,331 – a substantial

decrease. Please explain and document the changes to the ADIT and the rate base amounts.

- d. Please refer again to Exhibit No.\_\_\_\_ (RAM-4), page 4 of 8. Please explain and document the \$2,753,102 Net Adjustment in MCC-133 as an average balance at 12/31/12.

**MCC-221** Regarding: Update of Post-test Year plant  
Witness: Mulkern

Is it correct that the update to the post-test year plant resulted in increased plant in service (as compared to Mr. Clark's exhibit) of \$428,659, excluding the customer billing system? If not, please explain the impact of your update.

**MCC-222** Regarding: Overall revenue increase  
Witness: Mulkern

In the original application the requested revenue increase was \$3,455,478 (see Exhibit No. \_\_ (RAM-1). As a result of intervenor testimony and the Company's Rebuttal Testimony, has that requested revenue increase changed? If so, what is the revised requested revenue increase? Provide a schedule that shows each change from the original request to the revised request (if any) and all work papers that support each such change.

**MCC-223** Regarding: Billings Landfill  
Witness: Morman

The Rebuttal Testimony (page 5, lines 5-6) indicates a life span of 50 or more years. Given that statement, please explain in detail and document why the initial investment and subsequent additional investment is being depreciated over a thirty year period.

**MCC-224** Regarding: Billings Landfill  
Witness: Morman

The Rebuttal Testimony (page 5, lines 18 – 21) refers to “fairly heroic assumptions” regarding the market price of gas in the future in a life cycle analysis. The Company then made such a study.

- a. Provide a copy of the analysis that the Company made in connection with its decision to pursue the Billings Landfill project.
- b. Does this study contain “fairly heroic assumptions” about the future market price of gas? If not, please explain why not.
- c. Does the analysis performed by the Company include any indication of the switch from vertical pipes to horizontal pipes?

**MCC-225** Regarding: Billings Landfill  
 Witness: Morman

The Rebuttal Testimony (page 4, lines 19-23) refers to transportation over WBIP and/or NorthWestern for market purchases of gas not produced at the Billings Landfill.

- a. As a result of the Billings Landfill operation has the Company reduced its contract capacity at either of these pipelines? If so, by how much, and when did the reduction occur? What is the expense impact of any such reduction? If not, why not?
- b. As a result of the Billings Landfill operation has the Company reduced its commodity take from either of these pipelines? If so, by how much and what is the expense impact per unit of take? If not, why not?
- c. Please state in dollars the annual reduction in transportation costs over WBIP and/or NorthWestern that the Company is experiencing at present as a result of having the Billings Landfill gas supplies to displace gas supplies that otherwise would be delivered to the Company over WBIP and/or NorthWestern.
- d. Please state in dollars the estimated annual reduction in transportation costs over WBIP and/or NorthWestern that the Company expects to experience each year during 2014 through 2018 as a result of having Billings Landfill gas supplies to displace gas supplies that otherwise would be delivered to the Company over WBIP and/or NorthWestern.
- e. Provide all calculations and work papers supporting the responses to c. and d. above.

**MCC-226** Regarding: Billings Landfill  
Witness: Morman

Assuming the parties are (1) the Company, (2) the investors, and (3) the customers, what party or parties is provided an opportunity to earn a return that incorporates risk? Please explain your answer.

**MCC-227** Regarding: Billings Landfill  
Witness: Morman

At page 12, lines 19-22 of his rebuttal testimony, Mr. Morman states that "...projections indicate that over the next 28 years, the average cost of gas from the landfill will be approximately \$7.10 per dekatherm of gas."

- a. Provide all calculations and work papers used in developing such projections.
- b. Identify the person or persons responsible for developing such projections.

**MCC-228** Regarding: Billings Landfill  
Witness: Morman

At page 12, line 22 through page 13, line 2 of his rebuttal testimony, Mr. Morman states, "When looking at the future estimates of natural gas pricing, the projected landfill prices, while higher than the current projected price, are closer to the index prices over the long term and still at the range of the estimated price at the time the decision was made."

- a. Provide all studies, calculations, and work papers used in developing such future estimates of natural gas pricing.
- b. Identify the person or persons responsible for developing such estimates.
- c. Provide copies of all projections or forecasts performed by the Company, or by others, of future natural gas index prices that support the referenced testimony or that were relied upon in support of the referenced testimony.

- d. Provide all calculations and work papers used in developing the projected landfill prices relied upon in support of the referenced testimony.

**MCC-229** Regarding: Billings Landfill  
Witness: Morman

At page 13, line 22 through page 14, line 1, of his testimony, Mr. Morman states, "...Montana-Dakota believes the cost of producing the pipeline quality gas will be reduced significantly from the current day production costs."

- a. Provide all studies, calculations, and work papers used or relied upon in support of the referenced testimony.
- b. Identify the person or persons responsible for developing such studies, calculations and work papers.

**MCC-230** Regarding: Generalized Statements  
Witness: Robinson

Regarding statements on pages 8 and 9 of Mr. Robinson's rebuttal relating to purported generalizations he presents in support of his depreciation study, please admit that in Docket No. 090079, a recent Progress Energy Florida ("PEF") case before the Florida Public Service Commission, Mr. Pous raised similar concerns regarding lack of support and reliance on generalized statements made by Mr. Robinson, and that the Florida Commission concluded "that PEF failed to carry its burden of proof" and agreed with "OPC witness Pous that PEF has provided only generalized statements with little support or documentation" (as noted on page 22 of that Final Order). To the extent Mr. Robinson does not fully admit to such statements, provide all support and justification for any contrary position.

**MCC-231** Regarding: Account 376  
Witness: Robinson

While Mr. Robinson states at the bottom of page 16 and the top of page 17 of his rebuttal testimony that the primary basis of selecting the life for Account 376 was the use of the SPR method "as well as consideration of the current underlying average service life and results of other studies that have been performed" (emphasis added), please admit that in Docket No. 090079, a Progress Energy

Florida proceeding before the Florida Public Service Commission, he specifically stated and the Commission noted that he “characterized his approach to a depreciation study as a ‘fresh start;’ that is, he does not view the results of the prior study until after the current study is completed. Witness Robinson asserted that unless there is some compelling reason to maintain the existing depreciation parameters (which is not typically the circumstance) the newly estimated parameters become the basis for the proposed depreciation rates” (emphasis added) (Page 29 of the Final Order in Docket No. 090079). To the extent Mr. Robinson does not fully admit that the statements from the final order before the Florida Public Service Commission are accurate, provide all bases, support, and justification for any contrary position.

**MCC-232** Regarding: Account 376  
Witness: Robinson

Regarding the statement at the bottom of page 16 of Mr. Robinson’s rebuttal testimony that the primary basis for his average service life selection for Account 376 was the use of the Simulated Plant Records method, please admit that Mr. Robinson did not retain the actual Simulated Plant Record analyses and corresponding results initially performed by Mr. Robinson in the development of his depreciation study. The admission relates specifically to the results of SPR analysis, not to the input data or database referenced by Mr. Robinson. To the extent Mr. Robinson does not fully admit to the above noted statement, then provide all bases, support, and documentation for any contrary position.

**MCC-233** Regarding: Net Salvage Value  
Witness: Robinson

Regarding the statement on page 14 of Mr. Robinson’s rebuttal testimony that it should have been very obvious to Mr. Pous that the forecast analysis result was not the basis for the estimated future net salvage within the depreciation rates, please identify specifically where in his depreciation study, workpapers, or data responses Mr. Robinson identified how he specifically arrived at each net salvage value for each account. Further, explain, justify, and support how the specifically identified information made it “very obvious” as to how Mr. Robinson arrived at his proposed net salvage value for each account.

**MCC-234** Regarding: Depreciation Reserve  
Witness: Robinson

Regarding the statement on page 6 of Mr. Robinson's rebuttal testimony that the depreciation reserve has declined between the study period and December 31, 2012 "after the implementation of the proposed depreciation rates," please provide the following:

- a. The actual calculation, including the source of all values;
- b. What the actual reserve relationship is as of December 31, 2012, given that the proposed depreciation rates have not been implemented;
- c. All bases, along with corresponding support and documentation, that demonstrates that a 52.6% depreciation reserve is still not excessive;
- d. All standards or indices that identify what appropriate levels of depreciation reserve should be, along with all supporting documentation; and
- e. The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Robinson's proposed deprecation parameters by account.

**MCC-235** Regarding: Depreciation Reserve  
Witness: Robinson

Also regarding the statement on page 6 of Mr. Robinson's rebuttal testimony referred to in the previous data request, please provide:

- a. The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Pous' proposed deprecation parameters by account; and
- b. A copy of all authoritative sources that demonstrate that a particular reserve level, or the specific change in reserve levels, over a particular period of time demonstrates the validity of a particular set of proposed depreciation parameters.

**MCC-236** Regarding: Depreciation Reserve  
Witness: Robinson

Regarding the statements on page 7 of Mr. Robinson's rebuttal testimony that the depreciation reserve for Common plant has declined to 43.7% as of December 31, 2012, after the implementation of the proposed depreciation rates, please provide the following:

- a. The actual calculation, including the source of all values;
- b. What the actual reserve relationship is as of December 31, 2012, given that the proposed depreciation rates have not been implemented;
- c. All support and justification for any claim that the referenced 43.7% depreciation reserve level is still not excessive;
- d. All standards or indices that identify what appropriate levels of depreciation reserve should be, along with all supporting documentation; and
- e. The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Robinson's proposed deprecation parameters by account.

**MCC-237** Regarding: Depreciation Reserve  
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

- a. The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Pous' proposed deprecation parameters by account; and
- b. A copy of all authoritative sources that demonstrate that a particular reserve level, or the specific change in reserve levels, over a particular period of time demonstrates the validity of a particular set of proposed depreciation parameters.

**MCC-238** Regarding: Depreciation Rates and Expenses  
Witness: Robinson

Regarding Mr. Robinson's statements beginning at the bottom of page 7 and continuing at the top of page 8 of his testimony regarding reasonable and rational depreciation rates and expenses, please state whether the resulting depreciation reserve level is a superior criterion to rely upon for determining reasonable and rational depreciation rates compared to the establishment of justifiable average service lives and corresponding net salvage values. Further, provide all support and justification, including documentation for Mr. Robinson's response.

**MCC-239** Regarding: Depreciation Rates and Expenses  
Witness: Robinson

Regarding the statements at the bottom of page 7 and the top of page 8 of Mr. Robinson's rebuttal testimony regarding reasonable and rational depreciation rates and expense, please state all criteria relied upon in determination of reasonable and rational results other than the stated relationship of the depreciation reserves. Further, provide all support and justification for any claim or position that the level of the depreciation reserve dictates whether proposed depreciation parameters such as average service life, dispersion pattern, and net salvage values are reasonable and rational.

**MCC-240** Regarding: Net Salvage  
Witness: Robinson

Regarding the statements at page 8 of Mr. Robinson's rebuttal testimony regarding net salvage, please identify each separate "specific line item explanations" that Mr. Robinson claims he provided relative to specific property groups as well as each account, as referenced on lines 15 and 16.

**MCC-241** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statements at the bottom of page 8 and continuing on to page 9 of Mr. Robinson's rebuttal where claims that Mr. Pous' statements and assertions that Mr. Robinson "elected not to retain the analysis either on paper or other format" are untrue, please provide the specific portion of Mr. Robinson's reference to data request MCC-136 which supports his position. The response

should specifically address the fact that the response expressly states that the “SPR analysis is not maintained in paper copy or other format.” The response should further particularly identify where the information was retained and provided, other than Mr. Robinson’s position that if he provided the input data to the analysis but not the analysis itself that such actions constitute providing the results.

**MCC-242** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statements at the bottom of page 10 and continuing at the top of page 11 of Mr. Robinson’s rebuttal testimony regarding reproducing Mr. Robinson’s analyses rather than Mr. Robinson providing his analyses, please admit that it is necessary to know the experience band and placement band associated with an SPR analysis in order to reproduce the same results that Mr. Robinson claims he performed. If the response is anything other than a full admission, then provide all support and justification for such contrary position. Finally, identify specifically where in Mr. Robinson’s filed depreciation study the specific experience and placement bands performed for each account are identified or set forth.

**MCC-243** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statements on page 11 of Mr. Robinson’s rebuttal testimony that “there is no requirement that companies must produce output reports,” please state if it is Mr. Robinson’s opinion and experience that companies do not normally provide the primary basis for their requests in rate proceedings, noting that Mr. Robinson’s depreciation study identifies the SPR analysis (not the input data to SPR) as the “primary input” for Mr. Robinson’s proposed life-curve combinations for gas distribution accounts. Further, identify each case during the past five years in which Mr. Robinson did not provide the output to his life analysis, whether SPR or actuarial, either as part of the filing or through discovery in instances where depreciation was a contested issue. For each such instance, provide the name of the utility, the date, the docket number, and the jurisdiction. Further, identify the Commission staff or intervenor witness that addressed the depreciation issue in each such proceeding.

**MCC-244** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statements at the top of page 11 of Mr. Robinson's rebuttal testimony that in his experience "there is no requirement that companies must produce output reports" in support of their depreciation request, please explain why Mr. Robinson chose to provide output reports when performing actuarial analysis for the Company's common plant investment but elected to destroy or not retain output reports for SPR analyses performed for the Company's gas plant investment. The response should specifically identify the requirement applicable to actuarial analyses versus SPR analyses. Further, to the extent Mr. Robinson relies to any extent on a concept that retention of SPR output results are any different than the retention of actuarial output results, provide all support and justification for such position.

**MCC-245** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statement in the middle of page 11 of Mr. Robinson's rebuttal testimony that electronic copies of the basic depreciation database constitute workpapers, please support and justify any conclusion that the results of SPR analyses or actuarial analyses are not also workpapers. To the extent Mr. Robinson believes that the results of life analyses do not constitute workpapers, provide all support and justification including all necessary documentation to support such position.

**MCC-246** Regarding: Life Analysis  
Witness: Robinson

Regarding the statement in the middle of page 11 of Mr. Robinson's rebuttal testimony that electronic copies of the basic depreciation database comprises workpapers, please admit that the database values without analysis of such database does not produce an average service life or dispersion pattern. In other words, admit that some form of life analysis must be performed on the database in order to yield average service life and dispersion characteristics of the property being analyzed. To the extent Mr. Robinson does not fully admit that the database only reflects input data and must be analyzed through some form of life analysis, provide all support and justification for such position, including all necessary documentation.

**MCC-247** Regarding: SPR Outputs  
Witness: Robinson

Regarding the statement on page 11 of Mr. Robinson's rebuttal testimony that SPR outputs are simply the output from tools used to analyze the basic workpapers (electronic database), please admit that the actuarial outputs are outputs from a tool used to analyze the basic workpapers. To the extent Mr. Robinson does not fully admit that the output to actuarial analysis is simply the output from the actuarial tool used to analyze the basic workpapers, then provide all support and justification, including all necessary supporting documentation for such position.

**MCC-248** Regarding: SPR Analysis  
Witness: Robinson

Given the statement at the bottom of page 11 of Mr. Robinson's rebuttal testimony that with current computer models there is no need to maintain paper records, please explain why Mr. Robinson did not maintain electronic records of the output of his SPR analyses when developing his depreciation study. To the extent Mr. Robinson in fact did retain, at the time of developing his depreciation studies, the output of SPR results electronically, fully explain and justify why he failed to provide such information when specifically requested to do so.

**MCC-249** Regarding: Net Salvage  
Witness: Robinson

Regarding the statement on page 12 of Mr. Robinson's rebuttal testimony that there is no automatic clerical calculation and recommendation of the forecasted net salvage amount, please provide the step-by-step analysis performed for each separate account to arrive at the proposed net salvage levels. For each step taken, identify all specific input relied upon and, to the extent Mr. Robinson relied more so on the historical database, it can be identified whether he relied on the most recent three-year period, five-year period, the overall period, or any other period of data. Also identify the specific inputs from Company management or other information reviewed and/or relied upon by Mr. Robinson within each step of the process. Further, provide all supporting documentation associated with each item of information relied upon. Next, explain in detail how each item of information was blended, allocated, apportioned, combined, etc. in order to arrive at the specific proposal made by Mr. Robinson. Finally, explain and justify why such information was not previously provided either in direct testimony or in response to discovery.

**MCC-250** Regarding: Net Salvage Data  
Witness: Robinson

Regarding the statement at the top of page 14 of Mr. Robinson's rebuttal testimony that the situation referenced on page 13 occurs with the "majority of the Company's historical net salvage data" please specifically identify those accounts for which this situation does not occur and explain why. For those accounts where Mr. Robinson claims the situation occurs exactly the same, provide the dollar level of retirement for each asset by year demonstrating that the assets within each account were retired in exactly the same manner, requiring the same effort, and incurred the exact same cost of removal on a per-unit basis for each separate asset. Finally, provide the age of each asset retired, by account, by year. The information should be provided on electronic medium in Excel readable format. To the extent the Company does not have the age of each asset retired by year, by account, specifically so state and identify those specific accounts.

**MCC-251** Regarding: Net Salvage Data  
Witness: Robinson

Given Mr. Robinson's statements set forth on page 14 of his rebuttal testimony that quotes his response to MCC-143, please provide the following:

- a. The ages of plant retired by account, by year, demonstrating that they are younger than the average service life for the various property groups;
- b. The quantification of the claimed significant understatement that the historical net salvage will likely exhibit compared to the overall net salvage that will be experienced as the property continues to age;
- c. The specific consideration given by Mr. Robinson by account to the overall average net salvage as referenced;
- d. The specific weighting given by Mr. Robinson by account to the recent experience clearly identifying what constitutes recent experience; and
- e. The specific consideration given to the forecast analysis in estimating net salvage by account.

**MCC-252** Regarding: Purpose of Testimony  
Witness: Robinson

Regarding the statements at the bottom of page 15 and continuing on to the top of page 16 of Mr. Robinson's rebuttal testimony where he states that it is obvious to him that Mr. Pous' goal and task is to reduce the Company's revenue requirements and that it does not appear that Mr. Pous is attempting to find the appropriate recovery level, please provide all statements reflected in Mr. Pous' testimony that actually state that such actions are in fact Mr. Pous' task and goal. To the extent these statements represent Mr. Robinson's opinion and impressions rather than fact based on admissions by Mr. Pous, specifically so state. Further, justify Mr. Robinson's opinion that Mr. Pous' task and goal is to only lower revenue requirements given his own admission on page 16 that Mr. Pous has in fact proposed depreciation parameters which have raised depreciation rates above what was requested by the proposing utility.

**MCC-253** Regarding: Net Salvage Value  
Witness: Robinson

Regarding the statement on page 16 of Mr. Robinson's rebuttal testimony where he states that it is "also telling that in most of the listed cases, that the adopted levels of average service life and net salvage were at the original requested level or closer to the requested level as opposed to Mr. Pous' recommendations", please admit that in the recent Progress Energy Florida case in which both Mr. Robinson and Mr. Pous testified that of the 15 mass property accounts contested for net salvage purposes, the Florida commission adopted only one of Mr. Robinson's proposals outright, was closer to Mr. Robinson's than Mr. Pous' proposal for one other account, and for the vast majority of the accounts contested either directly adopted Mr. Pous' recommendation or were closer to Mr. Pous' recommendation than Mr. Robinson's proposal. To the extent Mr. Robinson does not fully admit, provide all support and justification for such position.

**MCC-254** Regarding: Account 376  
Witness: Robinson

At the top of page 17 of Mr. Robinson's rebuttal testimony, he references consideration of other studies as part of his basis for the life recommendation for Account 376 – Distribution Mains. At this time, identify the specific lives relied upon, clearly identifying the utility, the jurisdiction, the date of such analyses, the

docket number, and why that particular value versus other results from other studies were not relied upon.

**MCC-255** Regarding: Life Analysis  
Witness: Robinson

Regarding the statement on page 17 of Mr. Robinson's rebuttal testimony that "it was concluded that the use of SPR data would be the more complete file to complete the life analysis" please provide all analyses performed to determine that actuarial results would not produce better life indications. For each analysis performed or each conclusion reached, provide the specific criteria relied upon, as well as all support and justification for all criteria relied upon including all copies of pertinent portions of all authoritative sources. Finally, explain why the Company felt comfortable enough to rely on the actuarial data for calculating the average remaining lives but not for the purpose of determining an average service life and corresponding dispersion pattern. The response should clearly demonstrate why actuarial data is appropriate for calculation of remaining life but not for performing actuarial analyses.

**MCC-256** Regarding: SPR Data  
Witness: Robinson

Regarding reliance on SPR data analysis versus actuarial analysis, please admit that actuarial analysis is the preferred method of life analysis when each type of data is available. Further, identify what Mr. Robinson perceives to be adequate age data such that he anticipates that actuarial data will be used for the life analysis in future depreciation studies. The response should include all support and justification for the level of actual aged data that is required to perform meaningful actuarial analyses, along with all support and justification for the assumed level of data necessary to perform such studies, including documentation from any authoritative source.

**MCC-257** Regarding: Retirements  
Witness: Robinson

Regarding the statement on page 18 of Mr. Robinson's rebuttal testimony that large quantities of retirements are not anticipated shortly after being placed into service, please admit that many other utilities rely on lower sub-script curves for gas life parameters. To the extent Mr. Robinson does not admit that other

companies rely on lower sub-script curves, provide all support and justification for such position.

**MCC-258** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statement on the bottom of page 18 of Mr. Robinson's rebuttal testimony that his presentation for SPR analysis and actuarial analysis are not inconsistent because he claims that he cannot provide observed life tables for SPR analyses because no such similar report exists, please admit that the output to SPR analyses provides the least sum of squared difference calculation and corresponding average service life for each of the families and subscript of Iowa Survivor curves. Further, admit that the output of the actuarial analysis is an observed life table.

**MCC-259** Regarding: Account 376  
Witness: Robinson

At the bottom of page 19 of Mr. Robinson's rebuttal testimony, he claims that Mr. Pous relies heavily on selected industry data to support his generalized statements for Account 376 – Distribution Mains. At this time, provide all support and justification for Mr. Robinson's claim that Mr. Pous relies "heavily" on selected industry data rather than, as noted in his testimony, review of Mr. Robinson's SPR analyses, independent actuarial analyses, and an understanding of the problems that existed for plastic mains during the 1960s and 1970s. To the extent Mr. Robinson's statement was only based on his opinion without factual support, specifically so state. Otherwise, provide all factual bases for such claim.

**MCC-260** Regarding: Service Life Survey  
Witness: Robinson

In regards to the statement on page 20 of Mr. Robinson's rebuttal testimony that 89 gas companies reporting in an earlier service life survey noted that one-third of those companies reported lives in the range of 45 to 52 years, please admit that all such values are a minimum of 15 years old, with many being 25 years old or older. To the extent the response is anything other than a full admission, provide all support and justification for such response.

**MCC-261** Regarding: Service Life Survey  
Witness: Robinson

Regarding the referenced 89 gas companies reporting in a survey as referenced on page 20 of Mr. Robinson's rebuttal testimony, please admit that the report does not list 89 companies but rather 89 values, with some companies reporting up to eight separate values based on subaccounts. To the extent Mr. Robinson does not fully admit to the noted characterization, provide all support and justification for any contrary position, including the specific name of the utilities and their corresponding average service lives relied upon.

**MCC-262** Regarding: MCC-179  
Witness: Robinson

Regarding the statement on page 20 of Mr. Robinson's rebuttal testimony where he claims Mr. Pous simply ignored the information provided in response to data request MCC-179 as it relates to the types of plastic property that are in use, please provide reference to the specific wording in Mr. Pous' testimony where he states that he ignored such data. If the Company's response is based on Mr. Robinson's opinion of what Mr. Pous did, specifically so state.

**MCC-263** Regarding: SPR Analysis  
Witness: Robinson

Regarding the statements at the bottom of page 20 and the top of page 21 of Mr. Robinson's rebuttal testimony that, in particular for SPR life analysis, a critical factor is the survival characteristics of the property being studied, and since mains are quality high cost property that the life characteristics tend to be more right modal and/or high sub-script curves, please provide the following:

- a. Each account Mr. Robinson considers quality high cost accounts or property;
- b. A detailed narrative specifically identifying how Mr. Robinson developed his critical factor and how such critical factor resulted in the proposed life-curve combinations proposed for each account;
- c. Specific reference to where in Mr. Robinson's depreciation study he specifically referenced the critical factor;

- d. The analysis presented by Mr. Robinson in his depreciation study associated with the critical factor for each account; and
- e. Any narrative or other specific analysis or reference to the critical factor for each account presented by Mr. Robinson prior to rebuttal.

**MCC-264** Regarding: SPR Analysis  
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

- a. All empirical data that supports the gravitation towards R3 or R4 or higher script curves rather than lower sub-script curves; and
- b. The number of curves with a sub-script below 3 versus those with a sub-script of 3 or higher as reflected in the EEI/AGA statistics report previously referenced by Mr. Robinson, specifically identifying which has a greater number of reported occurrence for Account 376, as well as for other accounts.

**MCC-265** Regarding: Retirements  
Witness: Robinson

Regarding the statement at the bottom of page 21 of Mr. Robinson's rebuttal testimony that the ongoing level of retirements does have an impact on life achieved by property group, please identify where in the Company's depreciation study or in Mr. Robinson's direct testimony or in response to discovery that the Company provided the specific ongoing levels of retirement activity that it now claims have an impact on life achieved by the property group. Further, to the extent such information was not previously provided, explain why Mr. Robinson could not have provided such information given that the Company did not file its case until late 2012.

**MCC-266** Regarding: Account 376  
Witness: Robinson

Regarding Mr. Robinson's statement on page 22 of his rebuttal testimony that under emergency conditions mains are typically repaired and not replaced with cost being charged to maintenance expense, please identify the number of emergency situations capital replacement costs were incurred by year for the past 10 years for Account 376, as well as the dollar level of retirement activity and cost of removal associated with such activity, by year. Further, provide supporting documentation clearly demonstrating the actual level of emergency-related retirement activity. Finally, provide all documentation that supports Mr. Robinson's claim that replacement activity under emergency conditions would be "de minimis".

**MCC-267** Regarding: Negative Net Salvage  
Witness: Robinson

Regarding the statement made by Mr. Robinson on page 23 of his rebuttal testimony that "given consideration that over the longer term, the negative net salvage will likely increase", please provide the following:

- a. A detailed narrative of what constitutes consideration by Mr. Robinson in this particular instance;
- b. All numerical or quantifiable aspects of the consideration given by Mr. Robinson, along with all supporting documentation;
- c. Why Mr. Robinson believes net salvage percentage will likely increase given his prior statements regarding trends in the data and the fact that the data since 2003 has been trending to a less negative level; and
- d. All criteria relied upon by Mr. Robinson to determine that only a 10 percentage point reduction in negative net salvage represents a modest reduction and why a 20 to 30 percent reduction would not also be a modest reduction given the Company actual historical net salvage levels for the period through 2008.

**MCC-268** Regarding: Cost of Removal  
Witness: Robinson

Regarding the statements at the top of page 28 of Mr. Robinson's rebuttal testimony that the New York Public Service Commission artificially caps the level of cost of removal to be recorded in the depreciation reserve, please provide the following:

- a. Documentation that the New York Public Service Commission artificially caps the level to be recorded;
- b. The companies to which the New York Public Service Commission has applied such standard; and
- c. Whether RG&E is one of the companies referenced and if so, provide specific documentation supporting such position and the cap level applied for Accounts 376, 380, and 381.

**MCC-269** Regarding: Account 380  
Witness: Robinson

Regarding the statement on page 26 of Mr. Robinson's rebuttal testimony that his proposed -160% value for another company "is not significantly less than MDU's current percentage", please identify whether Mr. Robinson considers the difference between the -160% and his proposed -200% for Account 380 to be significant, and if not, why not.

**MCC-270** Regarding: Net Salvage  
Witness: Robinson

Regarding Mr. Robinson's statement on page 26 of his rebuttal testimony that it is "irrational to think that one can propose a net salvage rate for a company by simply selecting a net salvage percentage from another study proposed at the same time period", please state if Mr. Robinson is claiming that Mr. Pous based his net salvage value for Account 380 in this case "by simply selecting a net salvage percentage from another study." To the extent Mr. Robinson believes Mr. Pous' selection is based on his selection of a value from another company, specifically identify the reference in Mr. Pous' testimony. To the extent Mr. Robinson believes Mr. Pous' selection for this account was based substantially on negative net salvage from other studies, please so state and provide all support and justification

for such position. Finally, to the extent the statement is not made in reference to Mr. Pous' testimony, specifically so state.

**MCC-271** Regarding: Account 380  
Witness: Robinson

Regarding the statements made on page 26 of Mr. Robinson's rebuttal testimony that Mr. Pous' comparisons with Mr. Robinson's prior proposals for Account 380 are irrational, please identify each specific factor that is significantly different between each of the utilities Mr. Robinson performed his other depreciation studies for compared to MDU and provide supporting documentation that demonstrates that those differences account for the much lower level of negative net salvage Mr. Robinson has recommended for all other studies performed during the past five years compared to MDU's proposal.

**MCC-272** Regarding: Account 380  
Witness: Robinson

Regarding the statement at the bottom of page 26 of Mr. Robinson's rebuttal testimony that the net salvage data for Account 380 is clear and empirical, please provide a clear and empirical derivation of Mr. Robinson's proposed 200% negative net salvage showing each step of how he arrived at his ultimate results such that it is clear and empirical that a negative 210%, 190%, 180%, or 175% are not appropriate.

**MCC-273** Regarding: Account 381  
Witness: Robinson

Regarding the statement at the bottom of page 27 of Mr. Robinson's rebuttal testimony claiming that the specific basis for the net salvage for Account 381 is set forth in response to PSC-099, please identify the specific references to the information associated with Account 381 that specifically resulted in Mr. Robinson's -15% net salvage. Moreover, regarding the claim that in recent years though the Company has routinely experienced in excess of -15% net salvage, please identify how many years during the past seven years (2002-2008) the Company experienced in excess (more negative) of -15% net salvage. Finally, specifically identify all information that was presented in the depreciation study, Mr. Robinson's testimony, and/or responses to data requests which demonstrates and supports that the Company anticipates continued negative net salvage for this account. To the extent no specific analyses were presented to support the

Company's anticipation for Account 381 other than Mr. Robinson's estimation of future inflation, then specifically so state.

**MCC-274** Regarding: Account 381  
Witness: Robinson

Regarding the statements made on the bottom of page 28 of Mr. Robinson's rebuttal testimony as it applies to the several factors that can contribute to negative net salvage for Account 381, please provide the number of customers served by the Company that are separated by "some distance," assuming that some distance implies a half-mile or greater and if that distance is appreciably different than what Mr. Robinson had in mind, identify the "some distance" Mr. Robinson had in mind and the information based on that value. Further, provide the number of meters retired by year for the past 10 years for customers that exceeded the "some distance" reference by Mr. Robinson. Finally, specifically identify where in Mr. Robinson's testimony, depreciation study, or responses to discovery he specifically enumerated the concept that "some distance" was a meaningful contributing factor to the negative net salvage recommended.

**MCC-275** Regarding: Disconnecting and Removing Meters  
Witness: Robinson

Regarding the statements made at the bottom of page 28 and continuing at the top of page 29 of Mr. Robinson's rebuttal testimony that the typical cost to remove a meter set/installation is typically more work intensive than simply disconnecting and removing the meter from its setting, please provide a detailed narrative of what additional work Mr. Robinson is referring to, the cost of such additional work, the cost of the typical work of disconnecting and removing the meter, as well as the separation of such cost categories by year reflected in the Company's historical data for 2008 through 2012.

**MCC-276** Regarding: Specific Responses  
Witness: Robinson

Regarding the statement in the middle of page 29 of Mr. Robinson's rebuttal testimony where he claims that Mr. Pous "simply ignored the specific responses that were provided", please specifically reference where in Mr. Pous' testimony he made such statement. To the extent the statement represents Mr. Robinson's opinion not based on any specific statements admitting such actions by Mr. Pous, then simply so state.

**MCC-277**    Regarding:    Retirements  
                  Witness:        Robinson

Regarding the example set forth at the bottom of page 32 of Mr. Robinson's rebuttal testimony, please provide the following:

- a.        Admit that Mr. Robinson did not assign a higher value to the structure than he has to the annual retirements assumed for components such as roofs, A/C systems, etc. in his example. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position;
  
- b.        Admit that Mr. Robinson's example does not recognize that a greater proportion of the investment in the account is associated with the structure of the building rather than its components and that the structure will have a much longer life than the individual components such as roofs, air conditioning systems, etc. as referenced in the question at the top of page 32 of his rebuttal testimony. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position;
  
- c.        Admit that Mr. Robinson's example assumes annual retirements will be of an equal level and requires the overall life to be adjusted (10 years to 20 years) in order to calculate the results. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position, and;
  
- d.        Admit that the average service life for a \$1,000 investment with \$800 of the investment being associated with the structural steel component of the building complex being retired in the 10th year with the remaining \$200 retired evenly in the 8th and 9th years would result in a much higher average service life than Mr. Robinson's assumed \$100 equal retirement level at each year for the first 10 years.

**MCC-278** Regarding: Building Components  
Witness: Robinson

Regarding the statements on page 33 of Mr. Robinson's rebuttal testimony applicable to the value and assumed life for building components, please provide the following:

- a. All support and justification, including all documentation, associated with the statement that the fit and finish of a structure at 30% is extremely low;
- b. Identification and corresponding cost of the mechanical components of a building;
- c. Identification and corresponding cost of the electrical components of a building;
- d. A detailed description and corresponding cost of the interior components of the building (drywall partitions, framing, etc.); and
- e. All support and justification for the claim that a reasonable range for the superstructure portion of an office building would be 60 years, specifically addressing superstructures made of steel.

**MCC-279** Regarding: Building Components  
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

- a. All support and justification for the claim that mechanical components of buildings will last for only 20 years;
- b. All support and justification for the claim that electrical components of buildings will last for only 20 years; and
- c. How often does the Company change out all its electrical components within an office building, along with all support and justification for the frequency of changing out entire electrical systems of a building.

**MCC-280** Regarding: PSC-099  
Witness: Robinson

Regarding the statements made on the bottom of page 34 of Mr. Robinson's rebuttal testimony where he quotes a portion of the response to PSC-099, please provide all support and justification for the assumption that the buyer would likely be purchasing the underlying land as opposed to the outdated superstructure, especially given the fact that the Company also states in such response that from time to time routine rehabilitations to the interior of the building will have been made. Further, based on claimed updating of the interior of the building and building superstructures being made of steel, please provide all actual support and justification for the claim that anticipated sales proceeds will be exceeded by cost of removal in situations where the sale of the facility is made rather than the demolition of the facility.

**MCC-281** Regarding: Account 390  
Witness: Robinson

Regarding the statement at the top of page 35 of Mr. Robinson's rebuttal testimony that Mr. Pous ignored the detailed responses regarding salvage associated with Account 390 – Common Plant Structures and Improvements and continued to complain about only receiving generalized statements, please identify where in the response the Company provided specific items of information, not what it "anticipated", for what will occur with its investment in Account 390 (e.g., there is no possibility that it will sell its corporate office building in the future and will instead demolish it, that if someone buys the building in the future that it will only be purchasing the underlying land, etc.)