

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

\* \* \* \* \*

IN THE MATTER OF THE APPLICATION ) REGULATORY DIVISION  
Of MONTANA-DAKOTA UTILITIES CO., )  
a Division of MDU Resources Group, Inc., ) DOCKET NO. D2015.6.51  
for Authority to Establish Increased Rates for )  
Electric Service in the State of Montana )

**DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL  
TO MONTANA-DAKOTA UTILITIES, CO.**

**MCC-001**

Regarding: Adjustment No. 1 – Current Rates  
Witness: Jacobson/Aberle

- a. Provide all work papers, analyses, memos and any other documentation that supports the portion of this adjustment to reflect “the annualized load for a new customer taking service under the Large General Service Rate 30.”
- b. Provide all work papers, analyses, memos and any other documentation that supports the portion of this adjustment to reflect “current rates.”
- c. Provide all work papers, analyses, memos and any other documentation that supports the portion of this adjustment to reflect “updated base fuel costs.”
- d. Does this adjustment reflect the annualization of all customers at December 31, 2014? If not, why not?
- e. Provide all work papers, analyses, memos and any other documentation to include rate revenues for annualized customers as of December 31, 2014.

**MCC-002**

Regarding: Adjustment No. 2 - Sales for Resale  
Witness: Jacobson

- a. For each month from September 2011 through the most recent month available provide the sales for resale revenue, the associated cost of fuel and purchased power (shown separately) and the margin.
- b. Provide a list of the sales for resale customers during the same time frame.
- c. Provide all work papers, analyses, memos and any other documentation that supports the proposed 85% credit through the fuel and purchased power tracking adjustment.

**MCC-003**

Regarding: Adjustment No. 3 – Other Revenue  
Witness: Jacobson

Provide the date that Basin Electric is expected to join the Southwest Power Pool.

**MCC-004**

Regarding: Adjustment No. 3 - Other Revenue  
Witness: Jacobson

- a. Explain how Late Payment Revenues amounted to \$0 in 2012 (see Work Paper H-6).
- b. If not actually \$0, provide the actual Late Payment revenues for 2012.

**MCC-005**

Regarding: Adjustment No. 3 - Other Revenue  
Witness: Jacobson

Are there items in “Other” (see Work Paper H-6) aside from rents? If so, list the items and the amounts for 2012, 2013, and 2014.

**MCC-006**

Regarding: Adjustment No. 3 - Other Revenue  
Witness: Jacobson

Provide a schedule that shows the Late Payment Revenues and the Sales Revenues in the same format as shown on Work Paper H-5 for each year from 2011 through 2014 and for 2015, by month, as available.

**MCC-007**

Regarding: Adjustment No. 1 – Current Rates  
Witness: Jacobson

Provide a schedule that shows the actual number of customers and consumption, by month, for each month from January 2014 through the most recent month available for each of the classes of customers shown on Rule 38.5.164, Statement H, page 5 of 8.

**MCC-008**

Regarding: Adjustment No. 3 - Other Revenue  
Witness: Jacobson

Explain why the Company used a three year average for KVAR penalty revenues, but did not propose to use a three average for any other component of Other Operating Revenue (see Rule 38.5.164, Statement H, page 7 of 8).

**MCC-009**

Regarding: Adjustment No. 4 – Fuel and Purchased Power  
Witness: Jacobson

- a. Provide a breakdown of Adjustment 4 into its component parts – i.e. (1) the inclusion of Thunder Spirit; (2) the inclusion of the RICE unit; (3) the inclusion of the Big Stone modifications; (3) the inclusion of the Heskett III combustion turbine; (4) the inclusion of the “supplanting” of the capacity contract that expired in 2015; (5) the “redispatch” to reflect normal outage schedules; (6) the inclusion of the current MISO market costs for energy; and (7) the inclusion of emission control (reagents) costs.

- b. Provide all work papers, memos, analyses and any other documentation that supports each of the components noted in part a.

**MCC-010**

Regarding: Adjustment No. 5 - Labor Expense  
Witness: Jacobson

Provide a work paper that shows the breakdown of the labor expense adjustment into its component parts – i.e., the 4.0% increase for union employees, the 3.5% increase for non-union employees and the adjustment for incentive compensation to reflect a three year average.

**MCC-011**

Regarding: Adjustment No. 5 - Labor Expense  
Witness: Jacobson

Please provide a detailed explanation and supporting documentation that supports the 3.5% increase for non-union labor in this case. Is there a Board of Directors approval for the non-union payroll increase? If so, provide a copy of the approval. Else, how and when is the non-union wage increase approved? Provide a copy of any such approval.

**MCC-012**

Regarding: Adjustment No. 5 - Labor Expense  
Witness: Jacobson

Provide actual, if available, and budgeted bonuses for 2015 for gas and electric (see Work paper G-44).

**MCC-013**

Regarding: Adjustment No. 5 - Labor Expense  
Witness: Jacobson

Provide a schedule that shows actual 2013 labor expense for the electric utility and for Montana electric operations in the same format and detail as shown on Rule 38.5.157, Statement G, at page 6 of 35.

**MCC-014**

Regarding: Adjustment No. 5 - Labor Expense  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the “Electric Utility” labor amounts for each category shown on Rule 38.5.157, Statement G, page 6 of 35. Explain the nature of the allocation of each of these amounts to “Montana” as shown on the same page.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of each of these categories of labor expense to Montana as shown on the same page.

**MCC-015**

Regarding: Adjustment No. 6 Benefits-Medical/Dental  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility amount of \$3,232,923 (see Rule 38.5.157, Statement G, page 7 of 35).
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$684,456 of the electric utility amount to Montana.
- c. Is the Pro Forma amount of \$712,519 based upon the 2015 budget? If not, please explain the basis of the Pro Forma amount.
- d. Who is Jim Kaiser (see Work Paper G-48)?

**MCC-016**

Regarding: Adjustment No. 6 Benefits-Pension  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility amount of \$212,078.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$46,022 of the electric utility amount to Montana.
- c. Provide a complete and unexpurgated copy of any study that supports the pro forma pension expense of \$108,755 based on “Actuarial Estimate” (see Work Paper G-48).

**MCC-017**

Regarding: Adjustment No. 6 Benefits-Post-retirement  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility amount of \$(179,853).
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$(34,228) of the electric utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$22,604 based on “Actuarial Estimate” (see Work Paper G-48).

**MCC-018**

Regarding: Adjustment No. 6 Benefits-Post-retirement  
Witness: Jacobson

Provide the calculation that gets the Post-retirement costs from \$(34,228) to \$22,604.

**MCC-019**

Regarding: Adjustment No. 6 Benefits-401-K and Other  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility amounts of \$3,021,993 and \$88,783.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$645,802 and \$20,365 of the electric utility amounts to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expenses of \$671,440 and \$21,173.
- d. Provide any and all documentation that supports the assumption that 401-K costs and “Other” costs increase by 3.97% simply because labor expense is presumed to increase by 3.97%.

**MCC-020**

Regarding: Adjustment No. 6 Benefits-Worker’s comp  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility amount of \$179,029.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$48,731 of the electric utility amount to Montana.
- c. Provide any and all documentation that supports the assumption that Workers compensation cost increases by 3.97% simply because labor costs are presumed to increase by 3.97%.

**MCC-021**

Regarding: Adjustment No. 6 Benefits-all portions  
Witness: Jacobson

For each of these items (medical/dental, pension expense, post-retirement, 401-K, workers compensation and other), provide the following:

- a. A copy of the invoices(s) received by the electric utility or any affiliated entity for each month (or whatever basis the invoices are received) from January 2014 through the most recent month available on an actual basis;
- b. A detailed explanation of how the total of each invoice is divided among the entities to which the invoice applies (especially how and what portion of the total cost is allocated/assigned to the Montana electric utility operation), and
- c. All work papers, analyses, memos and other documentation that support the allocation/assignment of the total costs from each invoice to the Montana electric operations.

**MCC-022**

Regarding: Adjustment No. 6 Benefits-Supplemental Insurance  
Witness: Jacobson

- a. Is the SISP expense included in the “Other Benefits” category? If it is what amount(s) is included?
- b. Is there any SISP included anywhere else in the revenue requirement in this case? If there is, where and in what amount is it included?

**MCC-023**

Regarding: Adjustment Nos. 5 and 6 Labor and Benefits  
Witness: Jacobson

Given that these items are all labor related expenses, please explain and fully document how and why the Montana electric operation as a percentage of total electric utility varies from a low of 19.03% (for the Post-retirement) to a high of 27.22% (for the worker’s compensation) given that Montana labor expense is 20.96% of the Electric Utility (Rule 38.5.57, Statement

G at pages 6 and 7 of 35).

**MCC-024**

Regarding: Adjustment No. 7 – Incremental Labor and Benefits

Witness: Jacobson

- a. Are the four employees noted in the Direct Testimony, page 9, line 19 the same positions shown on Work Paper G-57 under “Power Production.” If not, what are the four positions noted in the testimony?
- b. Provide actual start dates for each of these positions.
- c. Provide the starting salary/wages for each of these positions.

**MCC-025**

Regarding: Adjustment No. 7 – Incremental Labor and Benefits

Witness: Most appropriate Witness

For all the other positions shown on Work Paper G-57 please provide the following:

- a. The number of “wind techs” contemplated for Diamond Willow and Cedar Hills,
- b. The actual start date for each position; and
- c. The starting salary/wages for each position.

**MCC-026**

Regarding: Adjustment No. 7 – Incremental Labor and Benefits

Witness: Jacobson

Is it correct that this adjustment does not include any labor costs related to the Heskett III combustion turbine, the Lewis and Clark station RICE unit, and the Thunder Spirit Wind farm? If this is incorrect, provide a schedule that shows the labor costs included in adjustment No. 7 for each (or any) of these projects.

**MCC-027**

Regarding: Adjustment No. 7 – Incremental Labor and Benefits  
Witness: Jacobson

Provide all work papers, analyses, memos and any other documentation that support the following assumptions indicated on Work Paper G-58.

- a. These employees will receive bonus and incentive pay compensation at the same 9.8% level calculated for existing employees.
- b. These employees will all contribute at least 3% to the 401-K thus requiring the maximum 3% employer matching contribution.

**MCC-028**

Regarding: Adjustment No. 8 – Heskett Station Unit III  
Witness: Jacobson

Provide all work papers, analyses, memos and any other documentation that support each of the Total Company amounts shown in Rule 38.5.157, Statement G, page 9 of 35.

**MCC-029**

Regarding: Adjustment No. 9 – Lewis & Clark Station RICE unit and  
MATS  
Witness: Jacobson

- a. What is the most recent expected in-service date for this unit?
- b. Provide a work paper that shows separately “the expenses related to the RICE unit” and the MATS requirements.
- c. Provide all work papers, analyses, memos and any other documentation that support each of the Total Company amounts shown in Rule 38.5.157, Statement G, page 10 of 35.

**MCC-030**

Regarding: Adjustment No. 10 – Thunder Spirit  
Witness:

- a. What is the most recent expected in-service date for this project?
- b. Provide all work papers, analyses, memos and any other documentation that support each of the Total Company amounts shown in Rule 38.5.157, Statement G, page 11 of 35.

**MCC-031**

Regarding: Adjustment No. 12 – Subcontract Labor  
Witness: Jacobson

Provide a work paper that shows the expense impact of each of the individual components of Adjustment No. 12. These components are at least; (1) transmission charges to replace the Facility Charge removed in Adjustment No. 11; (2) charges incurred under the current WAPA transmission service agreement with transmission service provided by the SPP; (3) updated transmission charges to reflect the current tariff under the MISO market; and (4) on-going annual maintenance costs of production units not performed in 2014. Also, show the expense impact of any additional items included in Adjustment No. 12 that are not specifically identified in the Direct Testimony at page 11, lines 1 – 12.

**MCC-032**

Regarding: Adjustment No. 12 – Subcontract Labor  
Witness: Jacobson

How and why does Adjustment No. 12 (that appears to be related only to production and transmission) increase costs for distribution, customer accounts and administration and general?

**MCC-033**

Regarding: Adjustment No. 12 – Subcontract Labor  
Witness: Jacobson

Provide all work papers, analyses, memos and any other documentation that support the Pro

Forma amounts (shown separately by component as identified in the responses to MCC-031 and MCC-032) shown on Rule 38.5.157, Statement G, page 13 of 35.

**MCC-034**

Regarding: Adjustment No. 13 – Big Stone and Coyote  
Witness: Jacobson

Provide a work paper that shows separately the amount of this adjustment associated with Big Stone and the amount associated with Coyote.

**MCC-035**

Regarding: Adjustment No. 13 – Big Stone and Coyote  
Witness: Jacobson

Provide a detailed explanation of what constitutes a “major overhaul” as contemplated by this adjustment.

**MCC-036**

Regarding: Adjustment No. 13 – Big Stone and Coyote  
Witness: Jacobson

For each year since 2007, on an annual basis, provide a schedule that shows the unit or units (individually) that experienced a “major overhaul” per the definition provided in response to MCC-035. Also provide the detailed total cost of each “major overhaul” for each unit for each year.

**MCC-037**

Regarding: Adjustment No. 13 – Big Stone and Coyote  
Witness: Jacobson

Provide a detailed explanation as to why there was not a “major overhaul” undertaken on any of MDU’s units in 2014.

**MCC-038**

Regarding: Adjustment No. 14 – Materials  
Witness: Jacobson

Are there additional supporting work papers or other documentation (aside from Work Papers G-82 and G-83) that support the Montana Pro Forma amounts shown on Rule 38.5.157, Statement G, page 15 of 35? If so, please provide any and all such supporting documentation.

**MCC-039**

Regarding: Adjustment No. 15 – Heskett Station Sand  
Witness: Jacobson

Provide the source document(s) that supports the \$38.50 per ton cost of sand noted in Work Paper G-84.

**MCC-040**

Regarding: Adjustment No. 15 – Heskett Station Sand  
Witness: Jacobson

Provide the source document(s) that support the annual usage of “approx. 20,445 tons” noted in Work Paper G-84.

**MCC-041**

Regarding: Adjustment No. 15 – Heskett Station Sand  
Witness: Jacobson

Provide the actual sand usage (tons) and the price per ton for each month from January 2012 through the most recent month available in 2015.

**MCC-042**

Regarding: Adjustment No. 15 – Heskett Station Sand  
Witness: Jacobson

Does MDU use sand at any of its other generating stations or plants aside from Heskett II? If so, indicate the unit, the usage (tons) and the price per ton for each year from 2012 through

2014 and from each month of 2015 as available.

**MCC-043**

Regarding: Adjustment No. 16 – Reagent  
Witness: Jacobson

If we assume that reagent costs are not included in the Fuel and Purchased Power adjustment mechanism, what are the “engineering cost estimates” for Total Electric and Montana on a pro forma basis for 2015 (see Rule 38.5.157, Statement G, page 17 of 35, footnote 1)?

**MCC-044**

Regarding: Adjustment No. 17- Vehicles & Work Equipment  
Witness: Jacobson

- a. Please provide a breakdown of this adjustment between the portion related to the use of pro forma plant and the portion related to the proposed depreciation rates.
- b. Provide all work papers, analyses, memos and other documentation that support the level of pro forma plant used in this adjustment.

**MCC-045**

Regarding: Adjustment No. 19 - Company consumption  
Witness: Jacobson

Provide all work papers, analyses, memos and other documentation that supports the 12.17% decrease noted in footnote 2 on Rule 38.5.157, Statement G at page 20 of 35.

**MCC-046**

Regarding: Adjustment No. 20 – Postage  
Witness: Jacobson

- a. When did the postage rate increase(s) take effect?
- b. What is the distinction between “5-digit” and “Mixed AAC” (see Work Paper G-98)?
- c. Are all customer bills sent using “5-digit”? If not, what percentage of customer bills use “5-digit”?
- d. Provide Montana E-billed for each month from January 2015 through the most recent available (see Work Paper G-100).

**MCC-047**

Regarding: Adjustment No. 21 - Uncollectible accounts  
Witness: Jacobson

- a. Is it correct that the average percentage of uncollectible accounts is based on only the Montana electric operations in this case? If not, why not?
- b. Provide the “net write-offs” and the “Sales revenues” for the Montana electric operations for each month of 2015 as available.

**MCC-048**

Regarding: Adjustment No. 22 - Advertising expense  
Witness: Jacobson

- a. Is it MDU’s position that Adjustment No. 22 complies fully with all prior MPSC decisions concerning the inclusion of advertising expenses in a utility’s revenue requirement? If not, explain any and all differences between the Company’s proposal in this case and prior MPSC decisions.
- b. Provide at least ten examples of informational advertising and ten examples of institutional advertising that have been included in the revenue requirement in this case.

**MCC-049**

Regarding: Adjustment No. 23 - Insurance expense  
Witness: Jacobson

Provide a complete list of insurance policies - show insurer, the type of coverage and the expense included in the revenue requirement in this case.

**MCC-050**

Regarding: Adjustment No. 23 - Insurance expense  
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the electric utility insurance expense of \$1,898,678 (see Rule 38.5.157, Statement G, page 24 of 35).
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$383,778 of the electric utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the Montana Pro Forma amount of \$458,308.

**MCC-051**

Regarding: Adjustment No. 23 - Insurance expense  
Witness: Jacobson

The testimony that acknowledges this adjustment indicates that the adjustment reflects “current levels.”

- a. What is the basis of the 2015 level that is reflected in this adjustment?
- b. Provide copies of insurance invoices for 2014 and for 2015 as available for each policy that is listed in the response to MCC - 049.
- c. Provide a schedule that shows the total of the premiums paid for each insurance policy in 2014 and 2015 as available to date along with the allocation/assignment to the electric utility and the allocation/assignment to

Montana electric operations.

**MCC-052**

Regarding: Adjustment 23 – Insurance expense  
Witness: Jacobson

The Company uses a five year average (2010-2014) to measure Self-insurance expense (see Work paper G-143). The year 2012 expense of \$886,928 is almost 2.5 times larger than any other year and is 5.3 times the 2014 expense. Please provide a detailed explanation and all supporting documentation that supports the 2012 level of expense and the reason it so much larger than other years.

**MCC-053**

Regarding: Adjustment No. 24 – Software maintenance  
Witness: Jacobson

Provide the portions of all software maintenance contracts that show the costs for 2014 and for 2015.

**MCC-054**

Regarding: Adjustment No. 24 – Software maintenance  
Witness: Jacobson

Provide a detailed explanation and all supporting cost documentation for the “new systems” (see Jacobson Direct Testimony, page 14, lines 10-11).

**MCC-055**

Regarding: Adjustment No. 24 – Software maintenance  
Witness: Jacobson

There is one cost (maintenance on a mapping application) that was budgeted for 2015 but will not be spent (see Work paper G-147). Is the cost (or any portion thereof) of this software maintenance included in the Montana Pro Forma expense? If it is, in what amount is it included?

**MCC-056**

Regarding: Adjustment No. 24 – Software maintenance  
Witness: Jacobson

There is one other software maintenance cost budgeted for 2015 that “may not be required in 2015” (see Work Paper G-147). Are the costs (or any portion thereof) for this software maintenance package included in the Montana Pro Forma expense? If it is, in what amount is it included?

**MCC-057**

Regarding: Adjustment No. 25 - Industry dues  
Witness: Jacobson

- a. Is it MDU’s position that Adjustment 25 complies fully with all prior MPSC decisions concerning the inclusion of association dues in a utility’s revenue requirement? If not, explain any and all differences between the Company’s proposal in this case and prior MPSC decisions.
- b. Indicate which association dues have been allocated to Montana electric operations and explain and document that allocation.
- c. Explain and document the portion of the Edison Electric Institute, the Lignite Energy Council, the Montana Coal Council, and the Montana Water Resources Association dues that have been excluded per footnote 2, Rule 38.5.157, Statement G, page 26 of 35.
- d. Although not indicated in that same footnote 2, explain and document the portion of the Midwest Energy Association dues that have been excluded, if any. If none have been excluded please fully explain why not.

**MCC-058**

Regarding: Adjustment No. 26 – Rent expense  
Witness: Jacobson

- a. What is monthly/annual rent for the BNSF property?
- b. When is/was that property purchased? Is the purchase price included in the pro

forma Montana rate base? If so, in what amount (see Rule 38.5.157, Statement G, page 27 of 35 footnote 1)?

- c. Provide all work papers, analyses, memos and other documentation that support the allocation of this expense to Montana electric operations.

**MCC-059**

Regarding: Adjustment No. 26 – Rent

Witness: Jacobson

- a. What is the effective date of the lease for the additional office space in Bismarck? What is the monthly expense?
- b. Provide all work papers, analyses, memos and other documentation that supports the allocation of this expense to Montana Electric operations.

**MCC-060**

Regarding: Adjustment No. 28 - Regulatory Commission Expense

Witness: Jacobson

Provide the dates that the last five base rate cases were filed by MDU in Montana related to the electric utility operations.

**MCC-061**

Regarding: Adjustment No. 29 – Regional Market Expense

Witness: Jacobson

Provide all work papers, analyses, memos and other documentation that support the Per Books Electric Utility amount, the Per Books Montana amount, and the Pro Forma Montana amount (see Rule 38.5.157, Statement G, page 30 of 35).

**MCC-062**

Regarding: Rule 38.5.157, Statement G, page 35 of 35, All Other O&M  
Witness: Jacobson

- a. Is it correct to state that the \$631,962 labeled as “Total Items All Other O&M” on the referenced page is a residual - i.e. is the result of subtracting all the per books O&M expenses that have been specifically adjusted from the total per books O&M expenses? If not, explain why not.
- b. Is it correct that there has been no specific or general inflation type adjustment applied to these “Other O&M” expenses? If not, what adjustment has been applied to these expenses?
- c. Please explain how the Company adjusted \$3,084,972 of distribution expense when the per books distribution expense was \$2,914,452 (i.e. the residual unadjusted distribution expense is \$(170,520)).

**MCC-063**

Regarding: Adjustment No. 30 - Depreciation rates  
Witness: Jacobson

Provide a schedule that shows the breakdown of this adjustment into its component parts – i.e. (1) the inclusion of plant additions; (2) annualizing the 2014 ending plant balances; (3) proposed depreciation rates; and (4) the return of over-recovered decommissioning costs.

**MCC-064**

Regarding: Adjustment No. 32 - Ad Valorem Taxes  
Witness: Jacobson

- a. Provide a copy of the tax bills that support the “Per Books Ad Valorem Tax ”, by function, as shown on Rule 38.5.174, Statement K, page 1 of 5.
- b. To the extent these tax bills require allocation/assignment to the Montana electric utility, provide all work papers, analyses, memos and other documentation that support such allocation/assignment.

**MCC-065**

Regarding: Adjustment No. 33 - Payroll taxes  
Witness: Jacobson

- a. For each individual payroll tax (FICA - both components, Federal unemployment and state unemployment) provide the 2014 tax rate and the base to which the tax applied.
- b. Provide the same tax rates and bases for 2015.

**MCC-066**

Regarding: Adjustment No. 33 - Payroll taxes  
Witness: Jacobson

Provide a work paper that shows how the “per Books” Electric Utility and Montana payroll taxes were calculated. This should show tax rate applied to the base, the allocation/assignment to electric utility and the allocation/assignment to Montana.

**MCC-067**

Regarding: Adjustment No. 33 - Payroll taxes  
Witness: Jacobson

The 7.25% factor shown on Statement Work Papers, page K-1 is applied to pro forma payroll to calculate pro forma payroll taxes. Explain how this is a reasonable approach given the tax rates and tax bases provided in response to MCC-065.

**MCC-068**

Regarding: Adjustment No. 34 - MPSC and MCC taxes  
Witness: Jacobson

- a. Are the rates for the MCC and the MPSC shown on Rule 38.5.174, Statement K, page 4 of 5 the latest known such tax rates of which MDU is aware? If not, provide the most recent known rate(s).
- b. Do the rates change on October 1 of each year? If yes, provide the rates effective as of October 1, 2015 when available.

**MCC-069**

Regarding: Adjustments A and B - Plant additions  
Witness: Jacobson

- a. For each of the items listed on Rule 38.5.125, Statement C, pages 10 – 14 of 14 that are not 100% related to Montana (e.g. Acct 370 – Meters is in the General Office region), provide a detailed explanation of the method used to allocate/assign the amounts shown on the referenced page to Montana.
- b. Provide all work papers, analyses, memos and other documentation that support each of these allocations/assignments.

**MCC-070**

Regarding: Adjustments A and B - Plant additions  
Witness: Jacobson

- a. For each of the items listed on Rule 38.5.125, Statement C, pages 10 – 14 of 14, indicate, by project # and account #, which ones have been completed, the date completed, and the cost as booked on the same basis as shown in the “Montana” column.
- b. For each of the items listed on Rule 38.5.125, Statement C, pages 10 – 14 of 14, indicate, by project # and account #, which ones have not been completed, the currently expected completion date and the currently expected cost of the project on the same basis as shown in the “Montana” column.

**MCC-071**

Regarding: Adjustments A and B - Plant additions  
Witness: Jacobson

Rule 38.5.125, Statement C, page 12 of 14 shows a 2015 budget amount for service lines (Account 369) of \$207,685 (Montana) and a budgeted amount for meters (Account 370) of \$91,833 (Montana).

- a. How many new service lines and meters are included in the budget and at what cost are they included?

- b. How many replacement service lines and meters are included and at what cost in the budget?
- c. What is the basis of the Company's estimate for new and replacement service lines and meters?

**MCC-072**

Regarding: Adjustment C - Depreciation reserve  
Witness: Jacobson

The testimony that acknowledges this adjustment (Page 19, lines 16 – 19) states that the adjustment “increases the average reserve for depreciation on the per books plant by \$4,217,990...”

- a. In the context of this testimony, what does the term “per books plant” mean?
- b. Is it correct to state that there are actually multiple components of adjustment C - i.e., (1) it increases the reserve to include an additional year of change in the reserve related to 2014 plant in service; (2) it increases the reserve related to estimated 2015 plant additions (excluding major generation additions) and (3) it reflects the proposed new depreciation rates? If these components are not stated correctly, please provide a detailed explanation as to why not.

**MCC-073**

Regarding: Adjustment E - Materials and supplies  
Witness: Jacobson

- a. Provide an explanation of how the electric utility-Montana portion of materials and supplies is determined. (See Rule 38.5.143, Statement E, page 1 of 8.)
- b. To the extent that any portion of the electric utility-Montana materials and supplies are allocated/assigned on a basis other than physical location, provide all supporting documentation for the allocation/assignment(s).
- c. Provide actual balances for February 2015 through the most recent month available comparable to those shown in Rule 38.5.143, Statement E, page 1 of 8.

**MCC-074**

Regarding: Adjustment F – Fuel Stores  
Witness: Jacobson

Provide a schedule that shows the actual balance for each month from April 2015 through the most recent month available comparable to those shown in Rule 38.5.143, Statement E, page 2 of 8. This schedule should show the volumes and the prices.

**MCC-075**

Regarding: Adjustment G - Prepaid insurance  
Witness: Jacobson

- a. Provide a schedule that shows actual prepaid insurance balances for each month from February 2015 through the most recent available.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of these amounts to the electric utility - Montana.

**MCC-076**

Regarding: Adjustment H – Unamortized loss on debt  
Witness: Jacobson

Explain why the 2015 amortization (\$86,849) does not match the difference between the December 31, 2013 and the December 31, 2014 balances (difference is \$110,073).

**MCC-077**

Regarding: Adjustment J – Provision for pensions and benefits  
Witness: Jacobson

- a. Provide a schedule that shows the actual balance of the provision for pensions and benefits for each month from December 2014 through the most recent month available.
- b. Provide a schedule that shows the budgeted/projected balances for each month from January 2015 through December 2015.

**MCC-078**

Regarding: Adjustment K - Injuries and damages  
Witness: Jacobson

Provide the actual balance of the provision for injuries and damages for each month from December 2014 through the most recent month available.

**MCC-079**

Regarding: Adjustment N - Customer advances-construction  
Witness: Jacobson

Provide a schedule that shows the actual balance of customer advances for construction for each month from February 2015 through the most recent month available comparable to the amounts shown in Rule 38.5.143, Statement E, page 8 of 8.

**MCC-080**

Regarding: Responses to PSC-001 through PSC-003  
Witness:

Please provide electronic copies of responses to the Montana Public Service Commission Data Requests PSC-001 to PSC-003, including all Excel files in working format with links and formulas intact.

**MCC-081**

Regarding: Cost of Debt  
Witness: Garret Senger

In your testimony at page 3, lines 13 to 15, you state: "The cost of long-term debt in this filing is 0.90 percent lower than requested in the 2010 electric rate proceeding in Montana." Please provide tabulation and explain in detail the reasons, activities and other factors that have allowed MDU to lower its long-term debt cost. Also, please provide all work papers and documents that support your response.

**MCC-082**

Regarding: Common Equity  
Witness: Garret Senger

In your testimony at page 6, lines 11 to 14, you state: “In 2014, the Company obtained \$82.0 million in common equity. The Company is projected to receive an additional \$102.5 million in 2015 to achieve and maintain the targeted capital structure.”

- a. Please state what amounts of these two additions to common equity (in 2014 and in 2015) are at the Company subsidiary level and at the Utility level.
- b. Are these additions to common equity included in the capital structures shown for 2014 and 2015 on Statement F, Rule 38.5.176, page 1 of 2?
- c. For each case, please explain fully and completely how the \$82.0 million in 2014 was added and the \$102.5 million will be added – new issue, retained earnings, etc.

**MCC-083**

Regarding: Exhibit No.\_\_(JSG-2)  
Witness: J. Stephen Gaske

Please provide complete electronic MS Excel copies of all Schedules (1, 2, 3, 4, 5 and 6) in Exhibit No.\_\_(JSG-2), with all supporting spreadsheets, links and formulas intact; and any additional supporting work papers.

**MCC-084**

Regarding: Flotation Adjustment  
Witness: J. Stephen Gaske

In Schedule 2 of Exhibit No.\_\_(JSG-2) you show 51 new common equity offerings by electric utilities from January 2005 through November 2014. For each offering please provide the total amount of the company’s equity at the time of the new offering.

**MCC-085**

Regarding: Flotation Adjustment  
Witness: J. Stephen Gaske

In your testimony at page 17, lines 20-22 you state: “A more important purpose of a flotation adjustment is to establish a return that is sufficient to enable a company to attract capital on reasonable terms.” Later on page 18, lines 3-6 you state: “Regardless of whether a company can confidently predict its need to issue new common stock several years in advance, it should be in a position to do so on reasonable terms at all times without dilution of the book value of the existing investors’ common equity.” Statement F, Rule 38.5.149 shows that MDU has not incurred any cost on the issuance of new stock in the last four years (mostly employee stock exercise/awards). The flotation adjustment you recommend is based on the rounded 3.5% financing cost for 51 new common stock issues by 30 electric utilities in the last 10 years (Schedule 2 of Exhibit No.\_\_(JSG-2)), which also shows that most of those utilities have issued new common stock once or twice in these 10 years. If, as seems likely, there is a low probability that MDU will issue new stock in the next few years before a new rate case, and that any new common equity issuance that may occur would be a fraction of total common equity, do you acknowledge that your flotation cost proposal is likely to result in a return exceeding the cost of equity capital in most years? If not, please fully explain your answer and provide all calculations and work papers supporting your view.

**MCC-086**

Regarding: Proxy Group  
Witness: J. Stephen Gaske

In answering Q18, on pages 19-20, you describe how you selected 12 companies out of 46 that Value Line classifies as Electric Utilities to include in your proxy group for your DCF Study. Please provide all data for these 46 Value Line electric utilities and all calculations and work papers used to eliminate companies, indicating each of the selection criteria that each omitted company did not meet that caused their elimination.

**MCC-087**

Regarding: Risk Premium Analysis  
Witness: J. Stephen Gaske

Please provide copies of the references cited in footnote 22, page 27 and footnote 24, page 28 of your testimony: Ibbotson SBBI 2015 Classic Yearbook.

**MCC-088**

Regarding: Regulatory Risk  
Witness: J. Stephen Gaske

In reference to your testimony, page 33, lines 22-23, please provide a complete copy of the most recent Regulatory Research Associates rating for Public Service Commissions in the country.

**MCC-089**

Regarding: Statement L – Embedded Class Cost of Service Study  
Witness: Sara J. Cardwell

Please provide an electronic working copy of Statement L, with all supporting data, spreadsheets, links, and formulas intact and any additional supporting work papers if it has not been provided in response to PSC-001. Also, please provide all work papers and supporting documentation for each of the allocation factors shown on Schedule L-3.

**MCC-090**

Regarding: Demand Allocation Factors  
Witness: Sara J. Cardwell

Please provide the following, along with supporting documentation:

- a. 12-monthly coincident peak and 4-monthly coincident peak allocation factors for each of the rate classes in Schedule L-3.
- b. System and Montana jurisdiction coincident demands (by rate class) for each month in 2014.

**MCC-091**

Regarding: Statement L – Factor No. 3 AED/Energy  
Witness: Sara J. Cardwell

In your testimony at page 5, lines 1-9 you describe an allocator for wind facilities. Please provide all data and calculations showing how the 20/80 weighting of energy/AED is accomplished, and also, explain in detail why the resulting factor is a demand allocator not a combination of demand and energy.

**MCC-092**

Regarding: Statement L – Embedded Class Cost of Service Study  
Witness: Sara J. Cardwell

Please provide all supporting documents for the production expense titled: F&PP and its functionalization into demand, energy and non-fuel expense as shown in Statement L.

**MCC-093**

Regarding: Statement L – Distribution Plant Investment  
Witness: Sara J. Cardwell

Please provide an electronic copy, including all formulas, links, work papers and supporting documents, of the analysis of the “minimum and normal system design for a typical distribution system,” as referred to in page 5 of your testimony.

**MCC-094**

Regarding: Statement L – Line Transformer Investment  
Witness: Sara J. Cardwell

Please provide an electronic copy, including all formulas, links, work papers and supporting documents, of the zero intercept analysis used to classify line transformer investment as customer and demand related, as referred to in page 6 of your testimony. Also, please fully explain the methodology to calculate the weighted customer transformers factor used in allocating the customer component of line transformers.

**MCC-095**

Regarding: Statement L – Services and Meters  
Witness: Sara J. Cardwell

Please provide all work papers and supporting documents used to calculate the weights applied to the number of customers in each rate class for the allocation of services (Factor 10) and the allocation of meters (Factor 6) as described in you testimony at page 7.

**MCC-096**

Regarding: Marginal Energy Cost  
Witness: Sara J. Cardwell

Please provide working electronic copies of all work papers and PLEXOS runs used to develop the marginal energy costs for the eight time periods shown in Exhibit No.\_\_(SJC-6), page 1 of 2.

**MCC-097**

Regarding: Marginal Capacity Cost  
Witness: Sara J. Cardwell

Please provide all work papers and calculations used to estimate the annual generation marginal capacity costs shown on Exhibit No.\_\_(SJC-6), page 2 of 2, and which is based on an 88 MW simple cycle combustion turbine.

**MCC-098**

Regarding: Marginal Energy Costs by Seasons  
Witness: Sara J. Cardwell

Please provide all calculations and work papers used to calculate the total marginal energy costs by season as shown on Exhibit No.\_\_(SJC-1), page 2 of 3, including all calculations and work papers used to develop the class energy use profiles for each season, as discussed in your testimony at page 13, lines 1 to 14.

**MCC-099**

Regarding: Marginal Transmission Costs  
Witness: Sara J. Cardwell

Please provide copies of the annual FERC Form 1 data (and the Form 1 pages from which it was obtained) that support the historical projects and associated costs over the past nine years used in the calculation of marginal transmission cost, as described in your testimony at page 15, lines 1-12.

**MCC-100**

Regarding: Marginal Transmission Costs  
Witness: Sara J. Cardwell

Please provide an electronic copy, including all formulas, links, workpapers and supporting documents, of the classification and allocation of marginal transmission costs to the customer classes using the average and excess demand allocator, as described in your testimony at page 15, lines 1-12.

**MCC-101**

Regarding: Exhibit No.\_\_(SJC-8).  
Witness: Sara J. Cardwell

Please provide all source and supporting documents for the facilities used in the calculation of the marginal transmission and distribution substation plant capacity cost, as shown on your Exhibit No.\_\_(SJC-8).

**MCC-102**

Regarding: Marginal Distribution Line Costs  
Witness: Sara J. Cardwell

Please provide all source and supporting documents, work papers and data used for the calculation of engineering estimates of distribution lines cost, as described in your testimony at page 19, lines 1-8.

**MCC-103**

Regarding: Marginal Line Transformer Costs  
Witness: Sara J. Cardwell

Please provide all source documents, work papers and calculations used in estimating the marginal cost of a line transformer, both customer and demand related costs. Also, please provide the basis for the cost of single phase and three phase transformers, as shown in Exhibit No.\_\_(SJC-9), Marginal Distribution Capacity Related Plant Cost - Transformers.

**MCC-104**

Regarding: Exhibit No.\_\_(SJC-10)  
Witness: Sara J. Cardwell

Please provide all source documents, work papers and calculations used in developing customer related distribution, service lines and metering plant cost by rate class as shown on your Exhibit No.\_\_(SJC-10).

**MCC-105**

Regarding: Exhibit No.\_\_(SJC-11)  
Witness: Sara J. Cardwell

Please provide all source documents by year, work papers and calculations used in developing meter reading, customer accounting , services and sales expenses adders as shown on your Exhibit No.\_\_(SJC-11), pages 1 and 2.

**MCC-106**

Regarding: Distribution Marginal Costs  
Witness: Sara J. Cardwell

Please provide all source documents, work papers and calculations used in estimating each of the costs per customer class as shown in Exhibit No.\_\_(SJC-11).

**MCC-107**

Regarding: Monthly Billing Determinants  
Witness: Sara J. Cardwell

Please provide monthly billing determinants (demand (kw) and energy (kwh)) for each of the customer classes at the transmission, substation, primary and secondary level.

**MCC-108**

Regarding: Embedded and Marginal Cost Studies  
Witness: Sara J. Cardwell

In your testimony at page 26, lines 1 to 3, you state: “At the customer rate class level, the differences range from being 79 percent greater than embedded costs to 21 percent lower than embedded costs.” Please reconcile this statement with the table shown on page 25, showing a relation between marginal cost and embedded cost by rate classes in the range between 44% higher to 26% lower.

**MCC-109**

Regarding: Statement M  
Witness: Tamie A. Aberle

Please provide an electronic Excel copy of Statement M, with all supporting spreadsheets and formulas intact, including links to the embedded and marginal cost of service studies so changes made to either of the studies will flow through to the reconciliation between marginal costs and embedded costs, and rate designs.

**MCC-110**

Regarding: Base Fuel Rate  
Witness: Tamie A. Aberle

Please provide sources and explain in detail how the amounts by class for the base fuel rates have been determined as shown on Statement M.

**MCC-111**

Regarding: Exhibit No.\_\_(TAA-2)  
Witness: Tamie A. Aberle

Please provide complete electronic Excel copies of Exhibit No.\_\_(TAA-2); and any additional supporting work papers.

**MCC-112**

Regarding: Environmental Cost Recovery Rider  
Witness: Tamie A. Aberle

Please provide an estimate of the annual jurisdictional costs that could be recovered through Rate 98 for complying with federal and state environmental mandates. If an annual estimate cannot be provided, please state an expected range for annual costs.