MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

September 15, 2015

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

Re: General Electric Rate Application
Docket No. D2015.6.51

Dear Mr. Nelson:

Montana-Dakota Utilities Co. electronically submits its responses to the Montana Consumer Counsel's data requests dated August 26, 2015. Responses to the following requests are attached:

MCC-002	MCC-027	MCC-042	MCC-052	MCC-073	MCC-107
MCC-004	MCC-028	MCC-043	MCC-054	MCC-074	MCC-108
MCC-008	MCC-030	MCC-044	MCC-058	MCC-075	
MCC-011	MCC-031	MCC-047	MCC-061	MCC-076	
MCC-023	MCC-038	MCC-048	MCC-063	MCC-077	
MCC-024	MCC-040	MCC-050	MCC-071	MCC-078	
MCC-025	MCC-041	MCC-051	MCC-072	MCC-079	

Attachments B and D for response number MCC-048 are being provided on a CD sent to each of the parties.

Sincerely,

Tamie A. Aberle by Caitlin Straabe

Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Service List

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. Please see Attachment A.

b. Montana-Dakota does not contract with any customers on a resale level. Generation is dispatched by the Midwest Independent System Operator (MISO) into the energy market based on cost of generation. If generation dispatched is greater than load requirements, the excess is reported as sales for resale revenue.

c. Montana-Dakota has experienced a significant decline in its wholesale sales levels. The 85% credit is a fair and reasonable percentage which provides a potential benefit to the customers and an incentive for Montana-Dakota to continue to operate its generating stations in a safe and cost-efficient manner.

MONTANA-DAKOTA UTILITIES CO.
MCC-002
ELECTRIC UTILITY - MONTANA

Month	Sales for Resale Revenue	Cost of Fuel	Cost of Purchased Power	Margin	Margin Sharing Agreement	Net Margin
September-11	$ 20,878	$ (20,545)	$ -	$ 333	$ 7,275	$ 7,608
October-11	-	-	-	-	7,575	7,575
November-11	176	(204)	-	(28)	7,600	7,572
December-11	71	(64)	-	7	7,569	7,576
January-12	777	(873)	-	(96)	7,662	7,566
February-12	356	(306)	-	50	7,529	7,579
March-12	8,480	(9,629)	-	(1,149)	8,609	7,460
April-12	-	-	-	-	7,575	7,575
May-12	3,371	(4,055)	-	(684)	8,190	7,506
June-12	1,617	(1,702)	-	(85)	7,651	7,566
July-12	2,961	(1,844)	-	1,117	6,570	7,687
August-12	34,120	(31,569)	-	2,551	5,279	7,830
September-12	14,823	(17,514)	-	(2,691)	9,997	7,306
October-12	10,306	(8,481)	-	1,825	5,934	7,759
November-12	7,420	(5,672)	-	1,748	6,002	7,750
December-12	-	-	-	-	7,575	7,575
January-13	-	-	-	-	7,575	7,575
February-13	5,217	(4,621)	-	596	7,038	7,634
March-13	50,059	(39,052)	-	11,007	(2,331)	8,676
April-13	869	(799)	-	70	7,512	7,582
May-13	1,068	(954)	-	114	7,472	7,586
June-13	57,456	(47,480)	-	9,976	(1,404)	8,572
July-13	2,807	(2,661)	-	146	7,444	7,590
August-13	623	(593)	-	30	7,548	7,578
September-13	33,368	(28,172)	-	5,196	2,899	8,095
October-13	6,971	(5,550)	-	1,421	6,297	7,718
November-13	2,226	(1,896)	-	330	7,278	7,608
December-13	295	(242)	-	53	7,527	7,580
January-14	423	(61)	-	362	7,237	7,599
February-14	694	(430)	-	264	7,329	7,593
March-14	2,684	(1,785)	-	899	6,736	7,635
April-14	17,798	(12,769)	-	5,029	2,883	7,912
May-14	84,298	(60,131)	-	24,167	(14,973)	9,194
June-14	13,096	(10,378)	-	2,718	5,038	7,756
July-14	4,255	(4,833)	-	(578)	8,114	7,536
August-14	19,750	(16,746)	-	3,004	4,772	7,776
September-14	24,185	(19,575)	-	4,610	3,274	7,884
October-14	10,795	(8,899)	-	1,896	5,806	7,702
November-14	907	(1,483)	-	(576)	9,493	8,917
December-14	-	-	-	-	7,575	7,575
January-15	-	-	-	-	7,575	7,575
February-15	-	-	-	-	7,575	7,575
March-15	-	-	-	-	7,575	7,575
April-15	-	-	-	-	7,575	7,575
May-15	-	-	-	-	7,575	7,575
June-15	-	-	-	-	7,575	7,575
July-15	-	-	-	-	7,575	7,575

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

MCC-004

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

MCC-

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.**

Response:

a. In 2012, late payment revenue was reported in FERC account 419 – Interest and dividend income. On 1/1/2013, Montana-Dakota commenced reporting late payment revenue in FERC account 450 - Forfeited Discounts.

   When preparing the Other Operating Revenue analysis for the Rate Case, the 2012 reporting methodology of late payment revenue was inadvertently overlooked. Although late payment revenue for 2012 was inadvertently omitted in the originally submitted schedules; neither the pro-forma adjustment nor the pro-forma amount of late payment revenue reflected in the revenue requirement calculation would change.

b. 2012 Late Payment Revenue related to Montana electric operations was $25,338.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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).

Response:

The three year averaging of KVAR Penalty Revenue was established in Docket No. D2007.7.79 and used again in Docket No. D2009.4.56.

Montana-Dakota is using a three year average of KVAR penalty as a representative level of KVAR revenue as the KVAR amount can fluctuate based on weather.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Montana-Dakota has developed a Total Rewards Philosophy that outlines the Company philosophy relating to pay. Under this philosophy, the company strives to establish base pay at a level that will attract and retain employees by providing a base pay opportunity at the median or 50th percentile of our competitive labor market. The Company participates annually in compensation surveys conducted by reputable firms and utilizes the data to develop recommendations to adjust the Company pay structure. (These surveys are available for review at the on-site audit.) Survey data is also used to establish a recommendation to executive management by Human Resources regarding the salary increase budget required for the next calendar year to recognize individual employee skills and performance appropriately within the pay structure.

Based on the survey data and Montana-Dakota's competitive position in the labor market, 3.5% was the percentage increase recommended for 2015. This recommendation was submitted to the Montana-Dakota Executive Management Team in August 2014 to become effective in 2015. After approval by executive management, the budget is reviewed by the CEO of MDU Resources Group Inc. (MDU Resources) and implemented.

In addition to annual pay studies, every 3-5 years the Company hires an independent consultant to review compensation programs to assure they are established and administered appropriately. Please see Attachment A for the most recent study.

The MDU Resources Board of Directors only approves salary adjustments for Section 16 officers of the Corporation. The President and CEO of each business unit under MDU Resources is responsible for providing approval to their Human Resources Group based on recommendations. This approval is verbal.

Annually, the Human Resources Department works with each Vice President and their managers to review employee performance, equity, compa ratio and other factors to make recommendations, by employee, for merit pay increases within the budget. After review by the Vice President of each respective area and the President and CEO of Montana-Dakota Utilities Co., the increases are implemented effective the first pay period of the calendar year.

Response No. MCC-011
Attachment A

Performance, Reward, & Talent
Consulting

Compensation Program Audit—Summary of Findings

MDU Utilities Group and Great Plains Natural Gas Co.

January 6, 2014

AON Hewitt

AON Hewitt

Compensation Program Audit—Summary of Findings

Background

Montana-Dakota Utilities Co. (MDU) and Great Plains Natural Gas Co. (GPNG) (which are part of MDU Resources Group, Inc. (MDU Resources)) engaged Aon Hewitt to conduct a compensation program audit. The audit covered compensation policies and programs in place for employees in grades 29 through 42. The audit included a review of the compensation philosophy and structure to ensure the approaches to the salary structure and ranges, the methodology used to classify jobs, and the incentive compensation plan design are "Reasonable" in light of common practices within the utility industry and among general industry companies. This document summarizes the findings from the compensation competitive analysis and presents our recommendations.

Approach

We began the compensation audit by learning about MDU and GPNG's current compensation programs through discussion and document review. MDU and GPNG sent plan information, incumbent data, and market data for all relevant positions. We held a number of teleconferences with the Human Resources team to discuss program details and address questions to ensure a clear and thorough understanding of MDU and GPNG's practices. We reviewed the current process for market pricing and compared the incumbent data to the market data to assess the competitive positioning of the organization.

Executive Summary

MDU and GPNG's compensation programs overall are sound and well designed. They are maintained and updated in an effective, timely, and professional manner. As will be described in this material, the programs are anchored on the use of high quality and established external survey sources. This is not to suggest that there are not suggestions for modification or improvement. In this section, we highlight the key recommendations that have surfaced to us during the course of our analysis. Additional detail on each point is contained in the following pages. The majority of these recommendations relate to process or technical issues. There were not any major deficiencies that we became aware of during the course of our work. Our recommendations include:

- The Total Compensation/Reward Statement of Philosophy/Strategy should be updated and expanded, including defining a specific Target Total Cash position;
- Consider purchasing the Towers Watson benchmark surveys, especially for the utility sector;
- Consider moving salary structures slightly more aggressively than in the past. We understand that given the recent economic downturn, there has been pressure to slow the structure adjustments, however, which has helped manage pay increases across MDU Resources over the past few years. To keep MDU and GPNG from falling below market competitive levels, this practice of slowing structure adjustments will need to be discontinued;
- Consider balancing the maximum pay opportunity in the Incentive Plan design between the Senior Management and Employee Plans;
- Confirm the desired degree of stretch in the Incentive Plan goals at target; and
- Examine jobs which are "off market" (either high or low) for potential pay grade adjustment.

Findings

Total Rewards Strategy

Current Practice

MDU and GPNG's Total Rewards Strategy is documented in their "Total Rewards Philosophy" dated July 23, 2012. In this documentation, MDU and GPNG state that base salary is targeted at the 50th percentile of "our competitive labor market." In practice, the "competitive labor market" is the national general industry market. Benefits and Work Culture and Incentive Compensation are also mentioned in the Total Rewards Philosophy as part of an overall package delivered to employees at a level necessary to attract and retain talent.

While not explicitly addressed in the Total Rewards Philosophy, the following items are also included in the Total Rewards Strategy:

- Employees that move to a lower paying grade due to corporate interests will not receive a reduction in pay (these employees are "redlined," and pay is managed on an exception-basis outside the existing salary structure). However, an employee that voluntarily elects to move to a job in a lower pay grade will have their salary reduced and managed within the salary structure guidelines.
- MDU and GPNG's focus is on targeting median ***base salary***. MDU and GPNG do not specifically target any particular pay level for total target cash.
- Significant differences in competitive pay due to location (e.g., Williston district) are managed through the Labor Market Retention Incentive Program and Monthly Location Allowances.

Observations and Recommendations

MDU and GPNG's "Total Rewards Philosophy" document is well-suited as a communication piece to be used with employees to inform them of the overall strategy in general terms. However, MDU and GPNG would be better served with an additional, more robust document that clearly addresses all elements of the total reward strategy in greater detail to serve as a Human Resource tool for assessing the validity of current programs. We suggest the following additions/clarifications to this more-expansive document:

- Identify what level of competitive targets (e.g., 50th percentile) are targeted for Benefits and Work Culture;
- Address the strategic use of special recognition and retention awards, as well as location allowances;
- State the role and purpose of each element within the total reward spectrum;
- Identify the desired level of visibility or transparency MDU and GPNG's reward program is intended to have with employees;
- Identify roles and responsibilities to administering and maintaining the various Total Rewards programs; and
- Define the specific peer group(s) and/or characteristics used when performing benchmarking and competitive assessments.

Most importantly, MDU and GPNG currently do not target a specific level of Total Target Cash as part of its Total Rewards Strategy. We suggest beginning to track and target a defined Total Target Cash position, and communicating the practice in the Total Rewards Strategy documentation.

AON Hewitt

Data Sources

Current Practice

MDU and GPNG use the following sources for market pricing jobs:

- Mercer Total Compensation Survey for the Energy Sector
  - Field/Hourly
  - Cross Segment
  - Upstream and Midstream
  - Utilities
  - General Benchmark
- US Mercer Benchmark Database—
  - Logistics and Supply Chain
  - Finance, Accounting, and Legal
  - Human Resources
- Mercer/Gartner Information Technology Compensation Survey
- American Gas Association Compensation Survey
- EAPDIS, LLC Energy Technical Craft Clerical Survey
- Milliman Northwest Utilities Salary, Wage, & Benefits Survey

Observations and Recommendations

All these surveys are well established, consistently-produced surveys with broad participation that provide market data for a wide range of positions among both general industry and the energy sector.

It is MDU and GPNG's standard practice to market price jobs using ***national*** general industry data. This practice is part of a growing trend in the utility industry. We support this approach for non-utility-specific roles at MDU and GPNG, given that they recruits from and loses talent to general industry for these roles. However, we do recognize that the market pay level for these roles based on utility industry data tends to be higher than market data based on general industry. As such, MDU and GPNG have established a conservative approach to measuring the market for non-utility specific roles.

MDU and GPNG does not apply geographic differentials to the national market data. Based on ERI's Geographic Assessor and Pay Survey, cost of labor ranges from 90% to 110% of the national average in locations where the Utility Group has employees. Cost of labor for locations in Washington State tends to be about 110% of the national average. Cost of labor in locations in Idaho, Montana, and Minnesota are approximately 90% of the national average. Cost of labor in North Dakota (particularly the Williston District) is rapidly changing and quickly on the rise, especially for utility-specific roles. Use of geographic differentials is more reflective of an organization that is placing greater emphasis on equity and internal talent mobility than on cost management. Given MDU and GPNG's population, we support MDU and GPNG's decision not to apply geographic differentials and manage significant outliers to the market (e.g., Williston District) through focused allowance programs.

Whenever possible, we strive for a minimum of two survey matches to market price a role. MDU and GPNG may consider purchasing the Towers Watson Middle Management, Professional, and Support Compensation Survey for both General Industry and the Energy Services sector to supplement their existing surveys to increase the likelihood of having multiple matches for market pricing purposes. Many of our utility clients utilize this source of data for its breadth of roles and broad participation. The existence of an additional survey source will lend greater stability over time to the market data and provide for an additional "cross-check" within a given year.

Salary Structure Review

Current Practice

MDU Resources Group, Inc. (the parent company) employs a single salary structure for all non-union, non-executive employees at all business units under the corporate umbrella and is managed by the corporate HR team. Each business unit provides market data to corporate HR to assist in the process. No separate (premium/discounted) structures are used for certain job families. As discussed above, retention and location allowances are used to manage significant location differentials.

The structure consists of 14 grades with a 50% range spread. The structure is set based on market pricing results and is reviewed and updated annually. Market pricing data used to build the structure is aged to July 1. The structure is designed to be ahead of the market at the beginning of the year, meet the market in the middle of the year, and begin to fall off the market through the remainder of the year.

Observations and Recommendations

MDU and GPNG follow a traditional process for developing and managing the salary structure. The number of grades and the range spread are within typical market practice and seem to work effectively for MDU and GPNG. It is becoming more common to place both exempt and non-exempt roles on the same structure to support a message of inclusiveness. We believe the use of a single exempt/nonexempt structure should be continued. In addition, since the application of FLSA exemption criteria is performed on a job-by-job basis rather than a by-grade basis, renders the blending of both non-exempt and exempt roles in the same grade of little consequence.

The range spread of 50% is a bit narrower than the more-common 60% spread we have seen over the past several years, especially for higher level professional and management level roles. Given current pay distribution/dispersion within grades, there is no compelling need to widen the ranges simply to accommodate an external trend.

Since market pricing is the basis for deriving midpoints for the corporate pay structure, the midpoint progression is not consistent across all grades. However, the average progression is about 15%. Midpoint progression at the higher grades (38-42) is narrower (12%-14%) as compared to the lower grades where the midpoint progression can reach up to 17%. This degree of variability is inverted from expected practice but again not concerning to us given the context of the salary structure development and the distribution of salaries within the ranges. We feel these nuances do not detract from the viability of the MDU and GPNG's overall salary structure.

We understand that jobs in grades 41 and 42 at MDU and GPNG are comparable in base wage to officer-level roles in other groups in the corporation. This is managed by placing the officer-level roles in the letter-graded executive structure and having MDU and GPNG officers enter that same structure at a high grade, avoiding compression issues at these levels. While this practice is currently effective in managing compression, as salaries increase MDU and GPNG will need to pay close attention to ensure that there is sufficient differentiation between grades in both the numerical and letter-graded structures.

MDU and GPNG also faces compression challenges between selected bargained and non-bargained populations. In particular, MDU and GPNG's challenge involve pay for a senior line technician (a bargained employee eligible for overtime) and the shift supervisor responsible for overseeing the line technician's work (a non-bargained employee ineligible for overtime). Depending on the level of overtime earned, the line technician could earn more compensation than their direct supervisor. We typically suggest addressing compression issues at these levels in one of three ways: (1) offer overtime to the non-bargained supervisor; (2) create a premium structure for the supervisory role; or (3) do nothing formal in terms of structure or premiums and manage the imbalance in compensation informally (as long as the company is able to fill the supervisory role with qualified employees). MDU and GPNG currently addresses the issue by managing pay for the supervisor so that these employees are positioned high in the appropriate grade of the current structure. This is a variation of the third option above. In fact, provided that taking this approach is sufficient to address recruiting/promotion and retention issues, it is preferred because it avoids the need to create and administer premium structures.

MDU and GPNG's salary structure midpoints compare favorably to the market in that they are at 95% of the market values for the priced jobs. To the degree that they may be adjusted for annual market movement, the gap would narrow further at the next adjustment cycle. In as much as the market data is also reflective of national pay levels, MDU and GPNG's salary grade midpoints are positioned appropriately given its compensation strategy.

Note: *It is important to understand the methodology involved and the implications of incumbent weighted versus job weighted calculations in the findings. Our analysis compared the midpoint for each job to the market for each job regardless of the number of incumbents in each job. As will be discussed in the section on Competitive Positioning, this relative position can be significantly influenced by the number of incumbents if the calculations are performed on an incumbent weighted basis and there are jobs with high numbers of incumbents as is the case with MDU and GPNG.*

Salary Increase Process Review

Current Practice

MDU Resources Group, Inc. (the parent company) annually determines the salary structure adjustments for the entire organization, and each business unit sets the salary increase budget for the respective unit. The budget and the process for determining individual increases are consistent across the business units.

Individual salary increases are determined using an allocation matrix based on performance rating and compa-ratio. All employees receiving outstanding performance ratings are eligible for merit adjustments. All employees falling below expectations are ineligible for merit adjustments. Those falling in the middle of the range for performance ratings are eligible for merit adjustments, except for those with the highest compa-ratios (those individuals are eligible for lump sum payments in lieu of merit adjustments).

MDU Resources has been conservative on adjustments to its salary structure in recent years. This has largely been driven by an attempt to manage pay across a range of business units whose performance has varied in recent years (some business units have struggled and been unable to deliver salary increases to their employees, while MDU and GPNG have performed well and been able to deliver increases). Those business units with small or zero merit increase pools have been reluctant to increase their salary structures without accompanying salary increases. This practice, while effective at preserving compa-ratios, results in an under-competitive salary range which may be difficult to "catch up" over time.

Observations and Recommendations

The approach for providing annual salary increases is sound. The budget is based on market practice and corporate affordability. Historically, MDU and GPNG's salary increases have been equal to or slightly below Energy Services companies in the market (based on Aon Hewitt's Salary Increase Survey results from 2008–2013).

MDU and GPNG has stated that their current overall compa-ratio is "slightly above 1.00." This seems accurate to us as the compa-ratio that we calculated for the *priced jobs* in our analysis is .98. A variance of this magnitude given the additional employees covered by non-priced jobs is not unexpected and does not change our findings. Providing salary increase budgets consistent with market adjustments and using the allocation guidelines as described above will help to manage the compa-ratio and bring it closer/maintain its position relative to 1.00 over time.

We recognize that MDU Resources has intentionally adjusted their structures at a slightly under competitive pace (as discussed under "Current Practice"). However, the fact that the midpoints for the Utility Group are at 95% of market suggests that the midpoint adjustments should continue at (or perhaps slightly exceed) market range adjustments for a period of one to three years. This would bring the midpoints more in line with the desired pay opportunity. It is important to note that we are not suggesting that the salary increase budget and the structure adjustment should be the same percentage. Rather that structure adjustments are usually .5% to 1.0 % lower than the annual increase budget and this variance should be reduced but not eliminated. Therefore, a variance of .25% to .5% might be considered.

Incentive Compensation Program Review

Current Practice

We reviewed two incentive programs currently in place for non-executive utility employees. They are the Employee Incentive Plan and the Senior Management Incentive Plan. Eligibility for participation in the plans is defined as all regular, non-executive employees compensated for 1000 or more hours.

The plans are very similar to each other. Other than eligibility and target award size, the primary difference between the plans is the leverage curve. The Senior Management Incentive Plan provides the opportunity to earn up to 200% of the target bonus opportunity, while the Employee Incentive Plan's maximum payout opportunity is 150%.

Both plans utilize the same metrics, albeit with different Financial and Operations and Maintenance target goals for each company. A minimum financial achievement for the Company Financial Goal must be met before any payout can be earned. If the Company Financial Goal falls below threshold level, no bonus award will be earned. If either the Operations and Maintenance or Customer Service Satisfaction Goal fail to be met, only the associated portion of the bonus opportunity will not pay out.

Both the Company Financial and Operations and Maintenance Goals are numerical goals set at the beginning of the measurement period. The Customer Service Satisfaction Goal is based on performance in the JD Power and Associates customer service survey.

The Senior Management Incentive Plan, which covers grades 41 and 42, has some overlap with the MDU Resources Group, Inc. Executive Incentive Plan and Management Incentive Plan. These plans cover a separate grading structure for executives at MDU Resources. MDU and GPNG follow a different practice than other business units under MDU Resources. Employees that typically fit in grades B and C at MDU Resources are placed in grades 41 and 42 if they are employed by a Utility company. The incentive compensation target opportunities for grades 41 and 42 are 15% and 20% of base salary, respectively. The target incentive compensation opportunities for grades B and C are 15% and 20%, respectively. Furthermore, the maximum payout opportunity under the Senior Management Incentive Plan of 200% mirrors the maximum under the executive programs. The plans themselves function quite differently, with the executive incentive payouts being determined fully by performance vs. financial goals and the Senior Management Incentive Plan measuring performance vs. the three goals described above.

Observations and Recommendations

The two incentive plans employ market typical designs in a number of ways. We offer the following observations and recommendations for consideration:

- Eligibility: It is a typical market practice to have all non-represented employees eligible to participate in an annual incentive program. The percentage of these employees covered by variable pay has been increasing over time. MDU and GPNG bargained employees participate in these plans. We recommend no change in eligibility for either plan.
- Metric selection: MDU and GPNG has created a balanced scorecard of financial performance, cost management, and customer service. This is often reflected in the market place and the inclusion of customer service is a design feature that we strongly encourage, particularly for utility companies. Given the regulatory environment, we often see commissions focused on ensuring affordable delivery of utilities, while managing an acceptable standard of customer service. MDU and GPNG plans include a significant and appropriate portion of incentive compensation focused on customer service and cost management. This is balanced with ensuring affordability of the plan but focusing a portion of the award on financial achievement. Furthermore, the significant impact on payout for failing to achieve a threshold level of performance for any one of the metrics enhances the weight and importance of each goal (i.e., failure to achieve any one goal substantially impacts the payout of the entire award).
- Leverage curve: The leverage curves for both incentive plans fall within standard market practice. While it is most common to have a maximum payout opportunity of 200%, 150% is also commonly seen, particularly for programs that apply to a broad group of employees. We do question the need for different leverage curves between the two employee groups, particularly since the goals are the same and the programs work identically (other than the leverage curve). Essentially, a participant in the Senior Management Incentive Plan can receive a larger payout than a participant in the Employee Incentive Plan for the exact same level of performance, in the event that the Company exceeds its financial target goal. However, should financial performance fall below expectations, both participants will receive an equivalently reduced payout percentage. Optically, this could be problematic. We understand that the current design of the Senior Management Incentive Plan was intended to mirror the executive plans discussed above and believe this rationale to be sound. We suggest considering modifying the leverage curve in the Employee Incentive Plan so that the maximum under the plan is also 200%. This would eliminate a perceived inequity between senior management and the rest of the employee population.

We reviewed the historical payouts under the incentive plans for the years 2010 through 2012. On average, the overall payouts for MDU and GPNG were 97% of target. Typically over a 10-year time frame, we would expect to see payouts averaging around 100% of target. This would support agreement that goal setting is sound and effective and that the goals that are being set are sufficiently challenging, but also are achievable.

The following table shows the approximate historical financial achievement for each business unit:

Year	MDU/GPNG
2010	Exceeded
2011	Target
2012	Below Target

Payouts below target are exacerbated because payout for any portion of the award can drop to zero if a goal is missed (Operations and Maintenance and Customer Service Goals) and there is no opportunity to receive above target levels for two out of three of the metrics. This will inherently drive payouts lower overall. This can be modified either by incorporating above target payouts for the Operations and Maintenance and Customer Service goals or be increasing the leverage on the Financial Goal.

In addition to the program design review, we reviewed the target incentive compensation levels and total cash (base + incentive compensation) positioning. As a result of this review, we find that, in general, the plans appear to be strong and the targets are set within market norms. Please note that MDU and GPNG's incentive targets are not round numbers (e.g., 4.5%, 6.5%, etc.). While this degree of precision in target setting is unusual (we typically see the use of round numbers), we understand that targets were set so that MDU and GPNG could integrate all business units into one incentive plan on a cost-neutral basis. Given this perspective, we support this practice.

We suggest reviewing target award opportunities offered through the Senior Management Plan with those in the executive plans to ensure that it is appropriate for employees placed in grade 41 to receive the same target incentive opportunity as those placed in grade B (similarly, compare grade 42 and grade C).

Competitive Positioning

Aon Hewitt performed market pricing for 122 jobs at MDU and GPNG. These jobs represent 72% of the non-union, non-executive employee population. This is an excellent coverage percentage. We used Mercer and Towers Watson general industry surveys, along with energy services survey provided by MDU and GPNG to obtain market data. All data was aged to September 1, 2013 using an annual adjustment factor of 3%. For non-utility specific roles, we used national general industry market data. We believe this is the appropriate cut of data given that these roles could be performed by any individual with relevant experience, regardless of industry. As discussed previously, many MDU and GPNG employees are located in areas where the cost of labor is about 10% below the national average. We suggest keeping this fact in consideration when reviewing results, particularly for the jobs at lower grade levels in the organization for which MDU and GPNG will recruit locally.

For all jobs in the aggregate (across all grades), MDU and GPNG base salary levels and total cash compensation are within the market competitive range ***(91% and 92% of market for base salary and total cash, respectively)***, but nearing below-market levels. This calculation is performed on an "incumbent weighted basis". If the calculation was performed on a "job weighted basis", the competitive positioning would be 94% of market. The difference is primarily due to a single position, namely the Customer Service Representative in Salary Grade 30. There are 92 incumbents in this role and their average compa-ratio is .79. The 91% incumbent based value counts the Customer Service Representative compa-ratio 92 times. The 94% job weighted value counts the Customer Service Representative compa-ratio once.

Note: Aon Hewitt defines market competitive to be plus or minus 10% of market.[1]

The following is a summary of market positioning by salary grade:

	Avg. EE Pay			Avg. Mkt Pay			MDU/Market		Midpoint/Market
Grade	Base	Actual TCC	Target Bonus %	Base	Actual TCC	Target Bonus %	Base	Actual TCC	
29	27,394	28,609	4.5%	32,688	32,900		0.84	0.87	0.76
30	26,360	27,051	4.5%	33,350	33,550	5.7%	0.79	0.81	0.85
31	32,232	33,596	4.5%	34,465	35,005	4.8%	0.94	0.96	0.94
32	36,338	37,879	4.5%	39,069	39,614	6.6%	0.93	0.96	0.97
33	42,999	44,770	4.5%	49,843	51,369	5.9%	0.86	0.87	0.89
34	50,574	52,842	6.5%	56,430	58,165	6.5%	0.90	0.91	0.91
35	56,404	58,853	6.5%	61,582	63,766	7.2%	0.92	0.92	0.97
36	67,858	71,573	6.5%	73,673	76,770	8.3%	0.92	0.93	0.94
37	77,761	82,003	6.5%	88,062	93,680	9.7%	0.88	0.88	0.91
38	92,554	99,925	9.5%	95,876	102,126	11.8%	0.97	0.98	0.96
39	103,174	112,435	9.5%	105,978	115,531	13.3%	0.97	0.97	0.98
40	116,291	126,733	9.5%	112,829	122,327	14.5%	1.03	1.04	1.04
41	133,448	146,012	15.0%	137,820	155,200	21.4%	0.97	0.94	0.95
42	148,093	167,321	20.0%	144,550	166,963	22.9%	1.02	1.00	1.02
Incumbent-weighted Avg:	55,922	58,976		61,565	64,355		0.91	0.92	0.93
Job-weighted Avg:	70,467	75,247		75,212	79,982		0.94	0.94	0.95

*Market base and Actual TCC data is based on Mercer Towers Watson, and other utility-specific data sources as described above. Target bonus percent data is not available from all of these survey sources. Target bonus percent data is based primarily on Towers Watson survey data.

In general, pay positioning slightly improves as one moves further up in the grades. Overall, we consider pay at MDU and GPNG to be within market competitive levels.

[1] The measurement and assessment of the external market follows a structured and consistent process, however, it is not an exacting science. The market is dynamic and there are inevitable differences in peer groupings across surveys and within surveys across time. Additionally, inasmuch as every organization is unique, the establishment of exact job matches is not possible. Compensation theory states that a 75% overlap of duties and responsibilities represents "a match." Lastly, differences in incumbent pay due to performance, experience, and scope factors also add dispersion to the data. For these reasons we define "market competitive" from a salary perspective to be plus or minus 10% of market.

We have also reviewed the comparison of the grade midpoints of MDU and GPNG's salary structure compared to the market pricing results for MDU and GPNG jobs. The average positioning of midpoints versus market data for all jobs is 0.95. This suggests that the majority of jobs are currently well-placed in grading structure and that MDU and GPNG's salary structure is in line with the market.

The job families that deserve the greatest focus are the customer service representatives, engineers, and financial analysts. Most jobs in these families have salary to market ratios of under .9 and there are a number of incumbents impacted by this under-competitive pay. However, there are a number of single incumbents that have low salary to market ratios. While all incumbents with low salary to market ratios should be examined, we do not believe that this poses a significant issue unless the employees fall into a protected class.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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).

Response:

Benefits are allocated based on each individual employee's time ticket or payroll allocation. For example, a serviceman records and charges time based on each day's activities. Other employees have a payroll allocation assigned based on either time studies or a general allocation. The benefits expense for Montana is a sum of each employee's individual allocated benefits expense. In addition, individual choices of medical/dental options, rate of individual contribution to 401K, and the differing workers compensation rates in each state affect the resulting ratios for workers compensation.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. Yes, these are Power Production Department positions including two Environmental Scientists, a Financial Analyst, and an Engineer.

b. The Financial Analyst started on December 15, 2014 and one of the Environmental Scientists started on January 5, 2015. The hiring process is underway for the other two positions with anticipated starts dates in October 2015 for the Environmental Scientist and November 2015 for the Engineer.

c. The current base salary for the Financial Analyst is $45,390 and $63,500 for the Environmental Scientist. The anticipated salary for each of the remaining positions is $64,500.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. One Wind Tech position is contemplated for each facility.

b. The Heskett Station electrician started on February 17, 2015. The hiring process is underway for the Lewis & Clark Mechanic Welder position with an anticipated start date in October 2015. The process of filling the additional two Lewis & Clark Operator positions is ongoing due to higher turn-over. It is anticipated that the Wind Technician and Operator Technician positions will start by early December 2015.

c. The current wage rate / salary for the Heskett Station Electrician are $35.73 per hour or $73,424 per year. This position is under an apprenticeship program which will increase to $39.70 per hour or $82,576 per year over a four year period. The Wind Technicians position is under an apprenticeship program which starts at $27.03 per hour or $56,222 per year, and increases to $36.04 per hour or $74,963 per year over a three year period. The current wage rate / salary for the Operator Technician position are $41.79 per hour or $86,923 per year. A newly hired Mechanic Welder would start at a wage rate / salary of $36.84 per hour or $76,627 per year and would advance to $39.70 per hour or $82,576 per year when obtaining their welding certification. Average wage / salary for the vacant Operator positions at Lewis & Clark are $36.22 or $75,339 per year. See Response No. MCC-028 for more information on the Heskett Station positions and Response No. MCC-029 for the Lewis & Clark Station positions.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

a. Yes, These employees will be eligible for incentive pay compensation plans at the same level as existing employees. The plan payout will be calculated on eligible compensation from their date of employment to the end of the year.

b. The Company matches 50% up to 6% employee contribution. In short, the employee must contribute 6% to receive the 3% employer match. Upon employment, all employees are automatically enrolled in the 401-K plan at 3%, which requires a 1.5% employer match. Each employee has the option to change this level of contribution if desired. Please see Attachment A - Summary of Employee Benefits.

   91% of bargaining unit employees and 79% of non-bargaining unit employees are currently contributing 6% or more to their 401(k) plan. The rate case follows these contribution statistics, which indicate the incremental employees will increase their contribution level to at least 6%, thus requiring the 3% employer match.

   Two of the four incremental Power Production Department positions have been filled and both are contributing at a level sufficient for the 3% employer match to apply to the 401(k) plan.

VACATION: Employees earn vacation each pay period based on completed years of service and may accrue up to two times the annual rate earned.

Years of Service	Hours Earned Per Year
Less than 5	112
Over 5	152
Over 10	168
Over 15	192
Over 20	208
Over 25	232

SCHEDULED HOLIDAYS—Employees are eligible for ten paid holidays effective on your date of employment. They are: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve and Christmas Day.

INCENTIVE COMPENSATION: Eligible employees will receive a payout if 85% of the annual earnings goal is met. The more positively employees impact the earnings, operations and maintenance expenses and customer service goals the higher the payout, within defined limits.

HEALTH & SAFETY: **We are committed to ZERO accidents and injuries.** The Company invests in training and resources that support a safe work environment and every employee is responsible for placing safety as their #1 priority each and every day.

The company offers programs and resources in support of employees' wellness including annual health screenings, vaccinations and a health risk assessment.

In addition, the company provides a periodic stipend to employees for use toward the safety and health of employees and their family.

OTHER EMPLOYEE BENEFITS

Employee Referral Program—Eligible employees will receive $1500.00 when an eligible referral completes 6 months of employment.

Learning & Development—The company supports continuous learning and will assist employees in pursuit of developmental training and educational opportunities that are mutually beneficial to the employee and the company, when funds are available.

Employee Recognition—provided for milestone service anniversaries, retirement and to reinforce other Corporate values such as leadership, process improvement, environmental integrity and community spirit.

Employee Matching Gifts Program for Education—MDU Resources Foundation matches 100% of employee educational donations $50—$500.

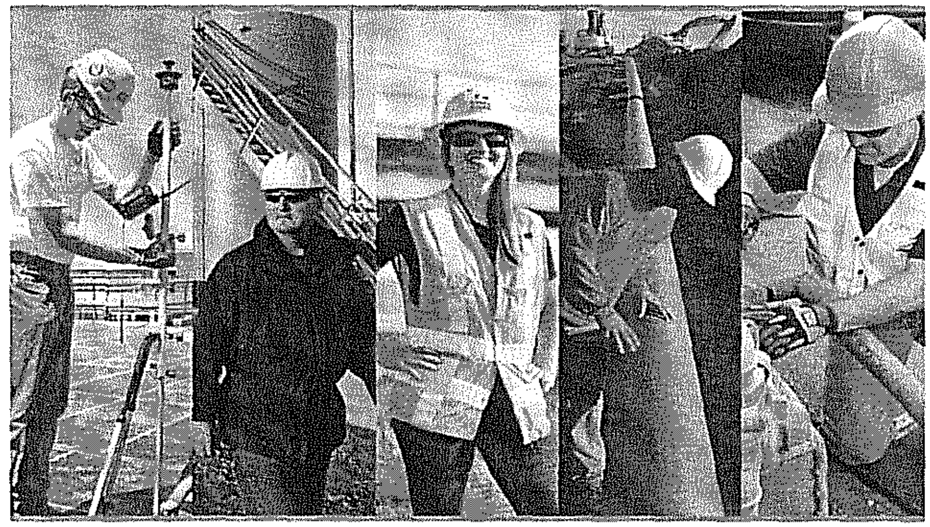
Employer Matching Gifts Program for Volunteerism—MDU Resources Foundation grants $300 to local charitable (501)(c)(3) organizations on behalf of the employee when an employee volunteers for a minimum of 25 hours during a 12-month period.

National Purchasing Account Discounts— Visit the Company eSource site for a list of available discounts and details.

NOTE: The Company expects to continue these plans indefinitely but reserves the right to amend or terminate them. For specific details, please refer to the applicable Summary Plan Description or Company Policy Statements.

2015

SUMMARY OF EMPLOYEE BENEFITS



MONTANA-DAKOTA
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Response No. MCC-027
Attachment A
Page 1 of 2

MEDICAL: The company offers a choice of two medical plans effective on your date of employment. Following are the plans available and the employee's per pay period (26) premium.

	BlueCard PPO	HSA Plan
Employee	$ 36.46	$ 4.15
Employee + Child	$ 63.23	$ 6.92
Employee + Children	$ 78.46	$ 9.69
Employee + Spouse	$ 94.15	$20.31
Employee + Spouse + Children	$128.31	$33.23

Both plans access the BlueCard PPO network. The BlueCard PPO Plan is a traditional health plan with a deductible and co-insurance.

The HSA Plan is a high-deductible health plan that offers a low monthly premium. Employees enrolled in this Plan may be eligible to establish a tax-advantaged Health Savings Account.

If you decline to be covered by a MDU Resources medical plan, you may elect to receive a $100 taxable opt-out payment per month.

DENTAL: The company offers three dental options effective on your date of employment. Following are the plans available and the employee's per pay period (26) premium.

	Dental Maintenance	Dental	Dental w/Orthodontia
Employee	$2.31	$ 6.46	$10.62
Employee + 1	$4.15	$10.62	$19.85
Family	$7.85	$18.46	$35.08

All dental plans provide first dollar coverage for diagnostic & preventive services such as exams, cleanings and x-rays. Coverage for other dental services is available after meeting a deductible and covered services vary by plan. All plans have a $1,500 annual maximum. Orthodontia services are available for those under 18 only.

VISION: The company offers vision coverage effective on your date of employment. As long as your provider is part of the VSP network, you will take advantage of network benefits. Following are the employee's per pay period (26) premium.

	Vision
Employee	$ 4.62
Employee + 1	$ 6.00
Family	$10.15

LIFE: Term life insurance coverage is effective on your date of employment.

NON-CONTRIBUTORY LIFE—(company-paid) is provided at no cost. Coverage is 1.5 times your January 1 annual base salary, rounded up to the next thousand.

CONTRIBUTORY LIFE—(employee-paid) is available for purchase in increments of $25,000, $50,000, $100,000, $150,000 $200,000, $250,000, or $300,000. Evidence of good health is only required for new hires when electing amounts above $200,000.

DEPENDENT LIFE: Employees that purchase contributory life insurance may elect dependent life insurance coverage for a spouse and/or dependent(s) effective on your date of employment. Spousal coverage can be purchased in increments of $15,000, $25,000, $35,000, $50,000, $100,000 or $150,000 but cannot exceed the level of coverage of the employee contributory life. Evidence of good health is required for spouses of new hires when electing amounts above $50,000.

Dependent life is available in increments of $5,000 or $10,000 for children under age 26.

VOLUNTARY ACCIDENTAL DEATH & DISMEMBERMENT: Employees may purchase 24-hour accidental death and dismemberment coverage, effective on your date of employment, in increments of $25,000, $50,000, $100,000, $150,000 or $200,000.

BUSINESS ACCIDENTAL DEATH & DISMEMBERMENT: Employees are covered with 24-hour accidental death and dismemberment business travel insurance effective on your date of employment. The company provides, at no cost to the employee, principal sum coverage of $100,000.

EMPLOYEE ASSISTANCE PROGRAM (EAP): Employees and their immediate family members are eligible to utilize the EAP effective on your date of employment. The program offers assistance in areas such as marital, parenting, emotional crises, substance abuse, financial and legal difficulties and work-related problems.

TAX-FREE OPTIONS: Employees are eligible to participate effective on your date of employment. Premiums paid for medical, dental, and vision insurance coverage can be deducted from your paycheck on a pre-tax basis. Also, money can be deferred to a health care and/or dependent care spending account on a pre-tax basis to be used for out-of-pocket health care expenses, and dependent care expenses incurred while you are at work.

RETIREMENT: Employees are eligible to participate in the 401(k) Plan effective on your date of employment. Employees can defer up to 50% of their wages, on a tax-deferred basis unless highly compensated. The employee's deferral cannot exceed the annual $18,000 401(k) limit, set by the IRS, for 2015.

401(K) MATCHING CONTRIBUTION FEATURE—The company matches $.50 per dollar up to 6% of the employee's contribution for a maximum 3% match. Employee contributions and the company match are fully vested and are invested per the employee's direction in available funds including company common stock. New employees will be automatically enrolled at 3% of their wages unless they elect otherwise or opt out.

401(K) PLAN RETIREMENT CONTRIBUTION FEATURE—In addition to the company match, eligible employees will receive a Retirement Contribution equal to 5% of eligible compensation, as long as the employee has been compensated for a minimum of 1,000 hours during the calendar year. The employee does not have to defer income into the 401(k) Plan to receive this Retirement Contribution. An employee must complete a minimum of three years of vesting service to receive the benefit upon termination.

401(K) PLAN PROFIT SHARING FEATURE—Employees who are eligible for the 401(k) Plan may receive an additional contribution of 1% of eligible compensation if the company achieves 100% of its annual Utility financial goal The employee must have been compensated for 1,000 hours during the calendar year and be employed by the company on December 31. The employee does not have to defer income into the 401(k) Plan to receive this Profit Sharing Contribution. An employee must complete a minimum of three years of vesting service to receive the benefit upon termination.

PAID LEAVE

SICK LEAVE— Union employees, in the first year of employment, have up to 100 hours of paid sick leave. A total of 200 hours of sick leave pay is available within the first two years of employment. Beyond two years of employment, our sick leave policy is very generous.

SICK LEAVE—For non-union employees, eligibility begins after the probationary period is complete. Employees have up to 40 hours of paid leave available for their own illness or injury or to care for a family member (spouse, child, parent (step & in-law), sibling and grandparent) each payroll calendar year.

SHORT TERM INCOME PROTECTION PLAN (STIPP)—Non-union employees have STIPP available for their own personal illness or disability. This benefit provides full pay for a maximum of 180 calendar days (LTD benefit waiting period). STIPP is not limited to serious health conditions.

LONG TERM DISABILITY (LTD)—The LTD Plan provides 60% of income if an employee continues to be disabled after an initial 180-day benefit waiting period. Replacement income is offset by other income such as workers compensation and social security benefits. Employees are eligible after completing one year of service. This plan is offered at no cost to the employee.

ADOPTION LEAVE—Non-Union employees are eligible for up to 80 consecutive hours of paid adoption leave at the time of placement of a child.

MILITARY LEAVE—National Guard/Reservists are eligible for up to 20 days per calendar year differential pay and members of Uniformed Services that are called to active duty are eligible for up to one year differential pay.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Statement G, page 9 of 35 is intended to represent a full year of normal operations. During 2015, Heskett Station Unit III has had lower operation and maintenance expenses as work has been covered under warranty. Upon expiration of the warranty, costs are expected to return to the level originally filed.

	As Originally Filed		Actuals Thru August	
	Total Company	Montana	Total Company	Montana
Labor	79,394	17,977	22,146	5,014
Benefits	29,265	6,626	6,484	1,468
Subcontract Labor	110,500	25,020	40,837	13,870
Materials	104,500	23,662	16,230	5,512
Office Supplies	4,000	906	79	27
Permits and Filing Fees	8,200	1,857	10	4
Safety & Other EE Training	12,000	2,717	8	3
	347,859	78,765	85,794	25,898

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. Expected in-service date is December 31, 2015.

b. Labor – based upon 2.0 new full-time equivalents.
Benefits – Standard loading rates.
Subcontract labor – Turbine O&M provided by Nordex:
   - Fixed price base service plus time and material for additional service items.

   Materials – project costs not covered by Nordex:
   - Road maintenance.
   - Snow removal.
   - Weed spraying.
   - Communications conduit (data and phone).
   - Utilities (propane, electricity, water, garbage).
   - Cell phones.
   - Vehicles, including fuel.
   - Office supplies.

   Annual Easements – agreed upon contract rates with landowners.
   Insurance – based on Cedar Hills Wind Farm annual insurance rates.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Please see Attachment A. For additional explanations, please see Statement Workpapers G-62 through G-70.

MONTANA-DAKOTA UTILITIES CO.
MCC-031 - SUBCONTRACT LABOR
ELECTRIC UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2014

	Pro Forma Adjustment
Expense Increases:	
Transmission Charge: Increase transmission charge estimate due to Basin Electric Cooperative becoming a member of the Southwest Power Pool.	$ 1,620,619
MISO Schedule 26A: MVP projects.	101,908
Lewis & Clark Station: chemical cleaning, increased environmental modeling & testing costs, and a control valve overhaul.	56,946
Heskett Station: Increased environmental testing costs.	29,436
Glen Ullin Ormat Station: Increased agreement cost with Ormat.	22,146
Diamond Willow Wind: Increased borescope inspections based on age and recent history.	15,455
Cedar Hills Wind: Increased borescope inspections based on age and recent history.	12,879
Buildings & Grounds: Painting, records scanning & 2014 snow removal costs were lower than normal.	11,643
Portable Generators: Emissions maintenance & one move	11,321
Miles City Turbine: Borescope inspection required; hot gas path overhaul was cancelled.	6,793
Office Services: Image scanning not done in 2014.	1,093
Expense Decreases:	
WAPA NITS: Ceases with Basin's move to SPP.	(269,476)
Transmission Engineering: No major transmission line maintenance scheduled in 2015.	(111,172)
Other minor adjustments	(250)
Total Pro Forma Adjustment	$1,509,341

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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, page15 of 35? If so, please provide any and all such supporting documentation.

Response:

No, there is no other supporting documentation.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Annual usage was calculated based off the December 2013-November 2014 (12 month period) which is representative of what 2015 will use.

The increase from historical usage is threefold:
1) Load swings – when load drops, more sand is used
2) Coal quality – high sodium and high clay coal require more sand
3) Boiler condition – when the boiler is dirty, more sand is used to control the temperature.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

	Usage (Tons)	Price Per Ton
Jan-12	1,182.4	$ 26.07
Feb-12	1,076.8	26.07
Mar-12	1,340.2	26.07
Apr-12	1,906.6	26.07
May-12	1,682.4	26.07
Jun-12	928.3	26.07
Jul-12	1,463.2	26.07
Aug-12	1,564.8	26.07
Sep-12	1,406.0	26.07
Oct-12	1,124.8	26.07
Nov-12	1,418.5	26.07
Dec-12	1,540.0	26.07
Total	16,634.0	

	Usage (Tons)	Price Per Ton
Jan-13	1,353.7	$ 26.07
Feb-13	1,164.0	26.07
Mar-13	1,056.0	26.07
Apr-13	-	-
May-13	-	-
Jun-13	1,407.0	26.07
Jul-13	1,619.8	29.00
Aug-13	1,647.0	29.00
Sep-13	1,513.6	29.00
Oct-13	1,268.9	29.00
Nov-13	1,517.0	29.00
Dec-13	1,947.7	29.00
Total	14,494.7	

	Usage (Tons)	Price Per Ton
Jan-14	1,924.7	$ 29.00
Feb-14	1,665.7	29.00
Mar-14	1,487.4	29.00
Apr-14	2,082.0	29.00
May-14	2,072.6	29.00
Jun-14	1,222.0	29.00
Jul-14	1,697.0	29.00
Aug-14	1,414.0	29.00
Sep-14	1,018.0	29.00
Oct-14	1,696.0	29.00
Nov-14	2,218.0	29.00
Dec-14	1,797.7	29.00
Total	20,295.1	

	Usage (Tons)	Price Per Ton
Jan-15	2,129.0	$ 29.00
Feb-15	2,388.0	29.00
Mar-15	1,656.0	29.00
Apr-15	1,748.0	29.00
May-15	1,968.0	29.00
Jun-15	1,726.0	29.00
Jul-15	1,569.0	43.55 *
Aug-15	1,901.0	41.43 *
Sep-15		
Oct-15		
Nov-15		
Dec-15		
Total	15,085.0	

* Temporary increase due to increased transportation costs: Pit where sand is normally acquired was empty and needed to ship from a different pit.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

No, Heskett II is the only generating station using sand.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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)?

Response:

	Per Books		Pro Forma 1/		
	Total Company	Montana	Total Company	Montana 2/	Adjustment
Big Stone	$0	$0	$1,017,869	$270,120	$270,120
Coyote	413,109	92,655	523,935	139,040	46,385
Lewis & Clark	370,543	83,108	426,625	113,216	30,108
Lewis & Clark - RICE	0	0	16,200	4,299	4,299
Total Production	$783,652	$175,763	$1,984,629	$526,675	$350,912

1/ Based on engineering cost estimates.
2/ Allocated on Factor 16: Integrated System Kwh sales.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a.

Change related to plant additions:	$16,165
Change related to depreciation rates:	17,508
Change related to annualization of plant:	25,828
	$59,501

b. Please see Pro Forma Plant in Service, Rule 38.5.125, Statement C, Page 6 of 14 and Page 7 of 14 and Average Depreciation Expense, Rule 38.5.165, Statement I, Page 6 of 17.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. Yes, that is correct.

b. The net write-offs and the sales revenues for the Montana electric operations for January 2015 to August 2015 were:

Month	Net Write-offs	Sales Revenue	%
Jan-15	$ 5,369	$ 5,235,394	0.10%
Feb-15	7,580	4,613,520	0.16%
Mar-15	8,964	4,810,463	0.19%
Apr-15	4,694	4,320,360	0.11%
May-15	9,128	3,825,990	0.24%
Jun-15	13,468	4,414,221	0.31%
Jul-15	16,023	5,331,586	0.30%
Aug-15	26,782	5,237,357	0.51%
	$ 92,008	$ 37,788,891	0.24%

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

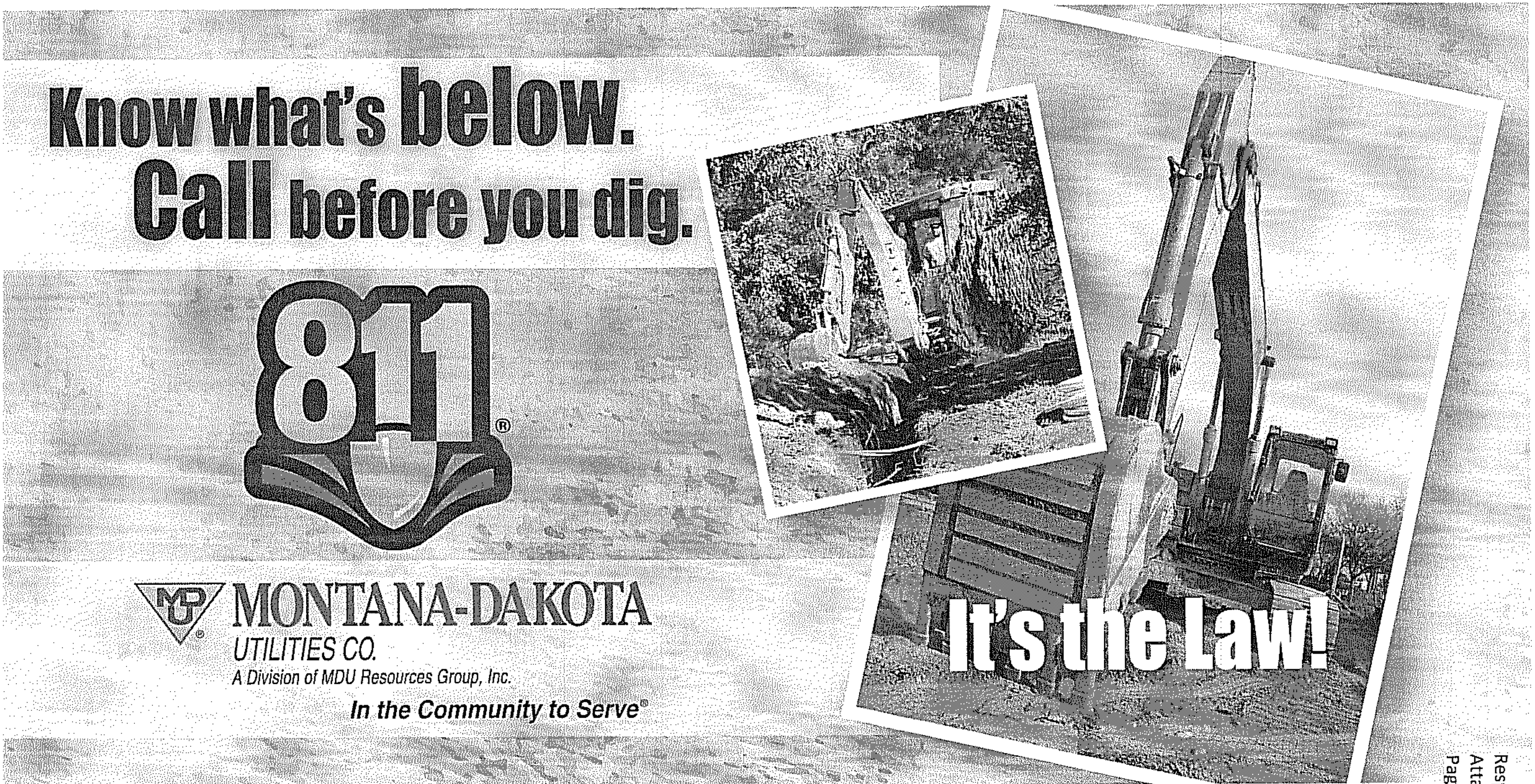
b. Provide at least ten examples of informational advertising and ten examples of institutional advertising that have been included in the revenue requirement in this case.

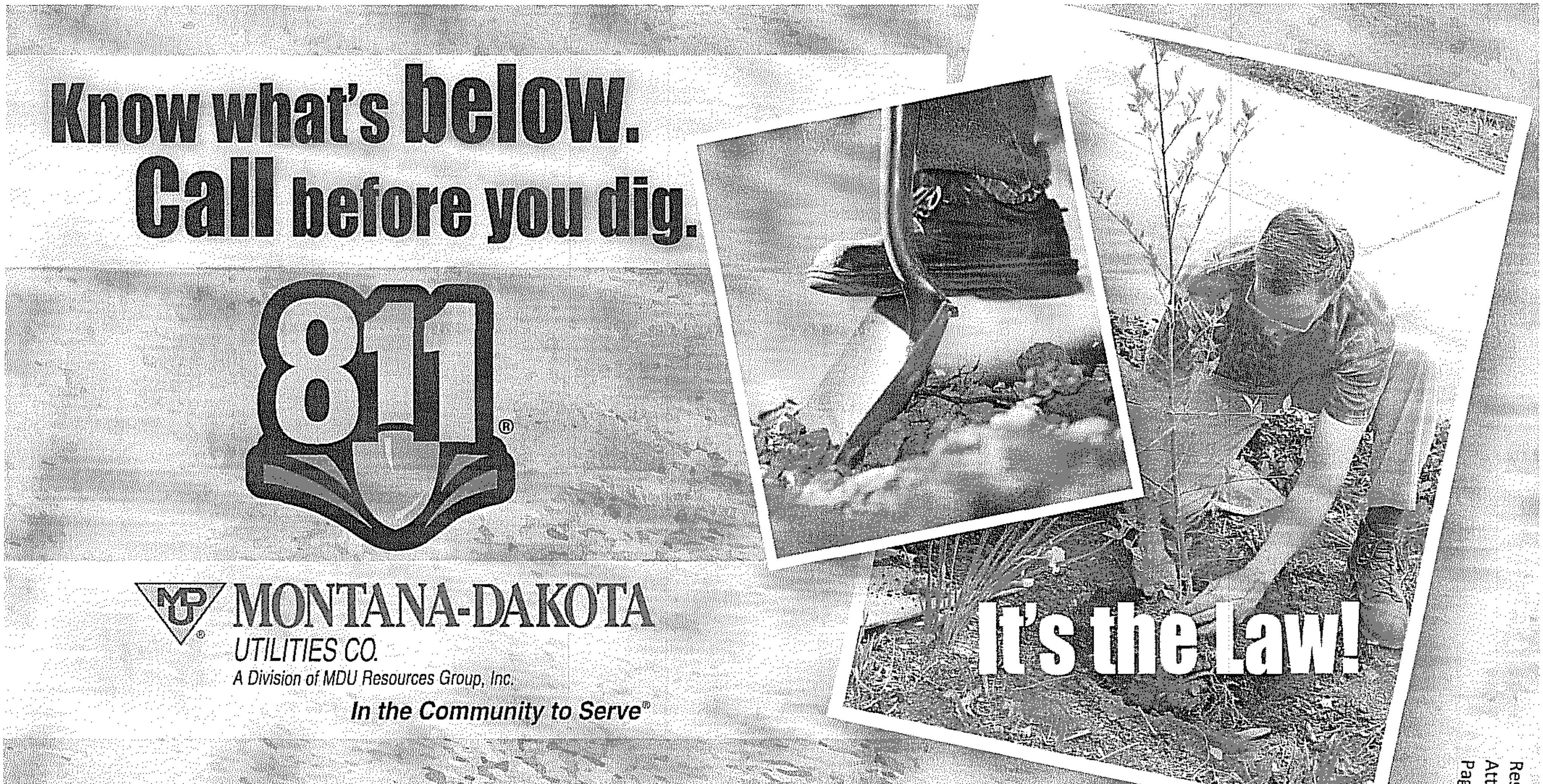
Response:

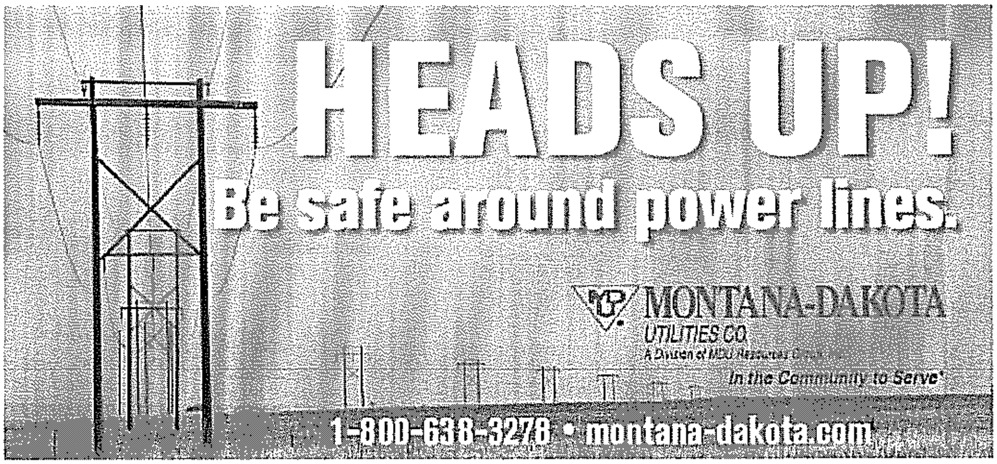
a. Yes, it is.

b. Please see Attachment A for examples of informational advertising. Pages 1-3 are billboard ads, pages 4-6 are bill suffers, pages 7-9 are phonebook ads. Please see Attachment B on the enclosed CD for an electronic example of a safety related radio ad. In general, institutional advertisements are sponsorships or logo ads. Please see Attachments C and D for other examples of institutional ads. Attachment C is a program book ad and Attachment D on the enclosed CD is a community related radio ad.


HEADS UP!
Be safe around power lines.
MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
In the Community to Serve®
1-800-638-3278 • montana-dakota.com


Know what's below.
Call before you dig.
811®
It's the Law!
MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
In the Community to Serve®


Know what's below.
Call before you dig.
811®
MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
In the Community to Serve®
It's the Law!



Electricity – Respect the Power

Outdoor electric safety tips:

- Look up to locate all power lines near your home, work or play areas.
- Always keep yourself and any tool or equipment you may be using at least 10 feet away from overhead power lines.
- Don't trim trees with power lines nearby.
- Always carry ladders or poles horizontally, never upright.
- Never place a trampoline, pool or playhouse near power lines.
- Teach your children to fly kites or toys in fields away from overhead power lines.
- Don't attempt to remove anything that has become tangled with an overhead power line.
- Always assume an overhead power line is energized and dangerous.

MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
In the Community to Serve®

1-800-638-3278 · montana-dakota.com

Know what's below.
Call before you dig.

Tips to Save Money and Energy Today

- Install a programmable thermostat to lower utility bills and manage your heating and cooling systems efficiently.
- Air dry dishes instead of using your dishwasher's drying cycle.
- Turn things off when you are not in the room, such as lights, TVs, entertainment systems, and your computer and monitor.
- Plug home electronics, such as TVs and DVD players, into power strips; turn the power strips off when the equipment is not in use – TVs and DVDs in standby mode still use several watts of power.
- Lower the thermostat on your water heater to 120°F.
- Take short showers instead of baths and use low-flow showerheads for additional energy savings.
- Wash only full loads of dishes and clothes.
- Air dry clothes.
- Check to see that windows and doors are closed when heating or cooling your home.
- Look for the ENERGY STAR® label on light bulbs, home appliances, electronics, and other products. Energy Star products meet strict efficiency guidelines set by the U.S. Environmental Protection Agency and the U.S. Department of Energy.
- Visit energysaver.gov for more energy-saving ideas.

Source: US Dept. of Energy - Energy Saver Guide http://energy.gov/energysaver/downloads/energy-saver-guide

Storms and Power Outages

Tips to keep you and your family safe

Each year at this time, storms cause extensive damage to many Upper Midwest electrical systems. Lightning, heavy rains and high winds can bring even the sturdiest poles to the ground. Here are some tips to keep you and your family safe:

- If you are outside, try to get into a building or get inside a hard-topped car. Stay away from trees and, if you are in a field, crouch down on your knees but don't lie down.
- If you are inside, don't use the telephone unless there is an emergency. Keep away from windows and doors. Don't use electric appliances - irons, toasters, mixers - because lightning could follow their wires.

Power outages

If your power goes out during a storm:

- Check your fuse box or circuit breaker box. If this is not the cause of the outage, call your electric utility company.
- Leave on a minimum number of lights so you will know when power has been restored.
- Turn off computers, televisions, stereos and similar appliances until power is restored.
- Keep flashlights, batteries, candles and matches handy – a battery-powered radio, too.
- Keep a supply of canned food on hand. Generally, a fully loaded refrigerator will keep food frozen for about two days without electricity.

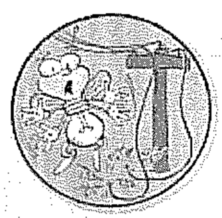
Downed power lines

Downed power lines always should be considered energized and dangerous.

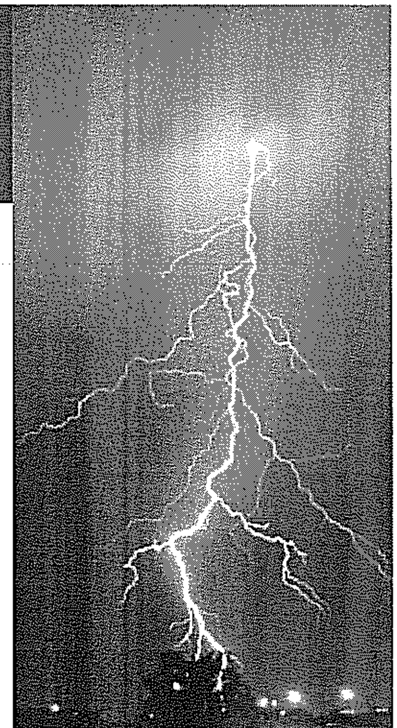
Never try to move a downed line with a stick or rod of any kind.

It is best to stay away from downed power lines completely, and call your electricity supplier right away. Be safe and let the professionals take care of them – that's what they are trained to do.

Parents, make sure your kids know to stay away from downed power lines.



- Louie



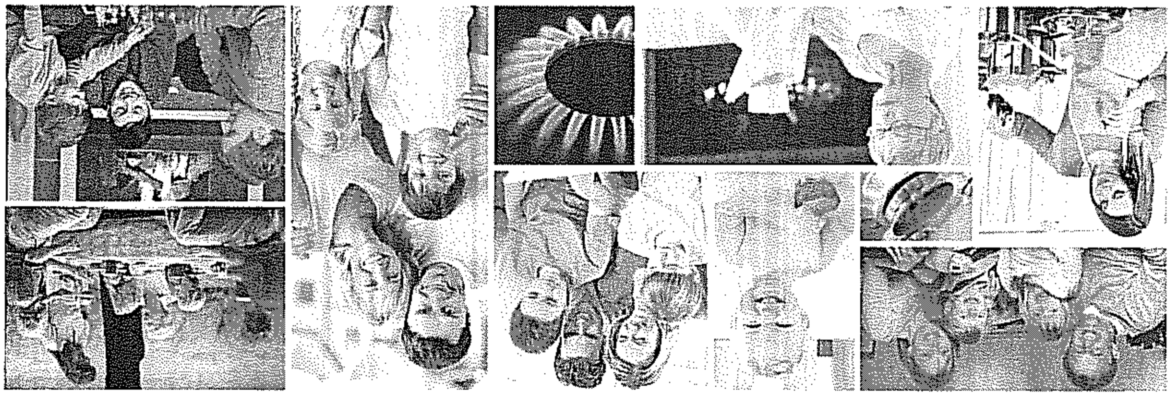
REMINDER

Backup Generators ...

Please do not use a backup generator if your MDU power has been disrupted. By connecting a backup generator to your home electric circuitry, you might energize our electric distribution lines and endanger our line crews who are restoring power.

We appreciate your cooperation.

You can manage your residential and business account, when it is convenient for you.



Online Account Services ... makes your life easier.

Save time, trees, postage and gasoline.
Switch to paperless statements and manage your account online.

For more information, simply go to our website

www.montana-dakota.com

If you are new to our website, just click on:
"First Time User? – Enroll Now"
You will want to have your statement handy.

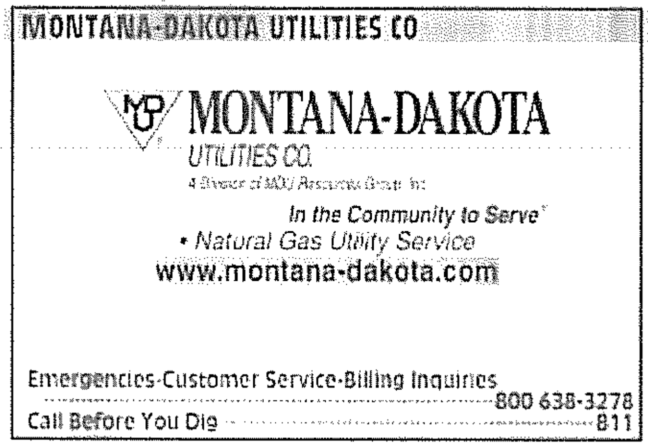
Customer Service
7 a.m.-7 p.m. Monday-Friday
1-800-638-3278

MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
In the Community to Serve®

5/14

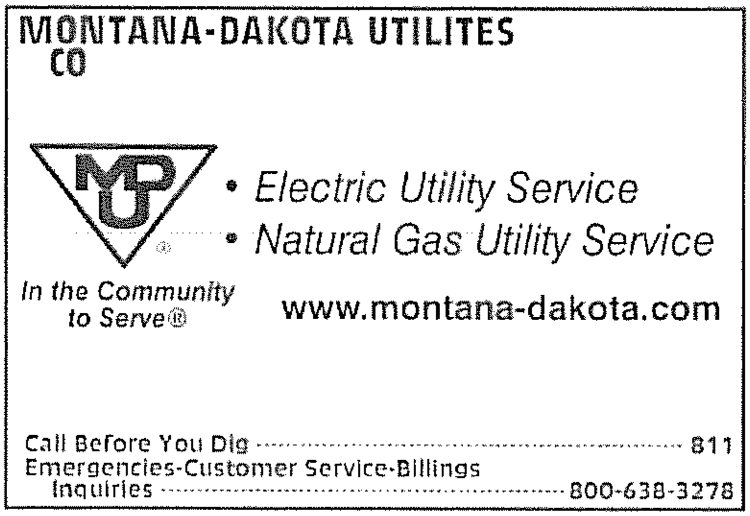
Examples of white and yellow ads that are include in the following directories:

DEX BILLING MT - WHITE PAGES - BUSINESS SECTION



DEX EASTERN MONTANA – YELLOW PAGES - ELECTRIC COMPANIES

DEX EASTERN MONTANA- WHITE PAGES Business Sections - Glendive-Sidney & Surrounding Areas and Miles City & surrounding areas.



DEX GLASCOW –

YELLOW – ELECTRIC COMPANIES

GLASCOW –White pages

MONTANA-DAKOTA UTILITIES CO

- *Electric Utility Service*
- *Natural Gas Utility Service*

www.montana-dakota.com

In the Community to Serve®

EMERGENCIES-CUSTOMER SERVICE-BILLING INQUIRIES 800-638-3278
CALL BEFORE YOU DIG 811

Mid Rivers Communications Directory

MT-SD-ND

YELLOW PAGES under both ELECTRIC COMPANIES AND GAS COMPANIES

MONTANA-DAKOTA UTILITIES CO

Emergencies ~ Customer Service
Billing Inquiries

1-800-638-3278

www.montana-dakota.com

Call Before You Dig 811

WHITE PAGES – under several sections

MONTANA-DAKOTA UTILITIES CO Glendive **800-638-3278**
Emergencies-Customer Service-
Billing Inquiries 800-638-3278
Call Before You Dig 811

Smart Kids make Smart Choices!

Say NO to drugs, alcohol and tobacco!

Proud to support drug prevention programs in our schools.

MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

In the Community to Serve®

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. $1,898,678 is the actual expense incurred during 2014. See Statement Workpapers page G-3 for Resource 5922 and Attachment A.

b. See Response a.

c. Please see Statement Workpapers, Statement G, page G-134.

MONTANA-DAKOTA UTILITIES CO.
INSURANCE EXPENSE
ELECTRIC UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2014

Description	Total Electric	Montana Electric
Directors & Officer's Liability Insurance	$108,291	$21,889
Excess Liability		
Fiduciary & Employee Benefits Liability	19,008	3,842
Public Liab. & Property Insurance Damage of Others	744,758	150,537
Public Liab. & Property Insurance Damage of Others	13,200	2,668
All Risk	579,090	117,051
Blanket Crime	4,378	885
Special Contingency	565	114
Hired and Non-owned Aircraft Liability	145	29
Self Insurance	94,155	19,032
Coyote Insurance	178,623	36,105
Big Stone Insurance	156,465	31,626
	$1,898,678	$383,778

1/ Allocated to Montana on Factor No. 26 - O&M excluding Fuel & Purchased Power & A&G

2014 Allocation Factor #26 20.212911%

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

a. Please see Statement Workpapers, Statement G, pages G-134 through G-145 for information supporting the adjustment to insurance expense to reflect current levels. The current (2015) premiums and fees were used to calculate the pro forma insurance expense.

b. Copies of the insurance invoices for 2014 and 2015 will be available during the on-site audit in September.

c. Copies of the 2014 and 2015 insurance premiums paid will be available during the on-site audit in September.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Montana-Dakota purchases public liability and property insurance coverage for all single incident claims in excess of $500,000. Self-insurance is the Company's costs to cover the deductible and the related legal fees of all claims less than $500,000. Self-insurance expense is variable and directly affected by claims activity, particularly single large claims where the Company meets the deductible. During 2012, the Company had two incidents in which Montana-Dakota was named in a lawsuit with a high probability that an amount would be paid. Therefore, an estimate was accrued for each incident. Each incident has been or is in the process of being settled with additional amounts being accrued to reach the $500,000 self-insurance limit.

The use of a five year average allows for a smoothing of large claims and should be representative of future periods.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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).

Response:

The majority of the $9,074 pro forma adjustment is related to increases in software expense and maintenance contracts. See Statement Workpapers, Pages G-146 and G-147.

The "new systems" referenced in T. Jacobson's Direct Testimony are primarily at the MDU Resources Group, Inc. Corporate Tax and Compliance Department, which is implementing Thomson Reuter's OneSource Tax Provision software. See Attachment A.

This software is designed to enhance, stream-line and reduce risk associated with the corporate consolidated tax provision process and help automate the consolidated tax return preparation. Through automation, it will also aid in calculating more accurate quarterly estimated payments, and reduce risks associated with Excel spreadsheet formulas and human input errors.

Allocation to MT Electric:

Per invoice	$75,348
MDUR Corporate OH Rate	18.5%
Allocate to Electric	57.3%
Allocate to Montana	22.756233%
Montana Share	$1,818

THOMSON REUTERS

INVOICE

Response No. MCC-054
Attachment A
Page 1 of 1

Remit To:
THOMSON REUTERS (TAX & ACCOUNTING) INC
P.O. BOX 6016
CAROL STREAM, IL 60197-6016

Bill To Acct: 1003849802
Cam McCullough
MDU RESOURCES GROUP, INC.
1200 W CENTURY AVE
BISMARCK ND 58503-0911

Ship To Acct: 1003849802
Cam McCullough
MDU RESOURCES GROUP, INC.
1200 W CENTURY AVE
BISMARCK ND 58503-0911

INVOICE NO:	INVOICE DATE:	PAYMENT TERMS:	PAYMENT DUE:	PO NO:
6098999272	02/01/2015	Net 30	03/03/2015	

ITEM MATERIAL CODE	Description	SUBSCRIPTION REF NO:	UNITS	PRICE IN USD:	SUBTOTAL IN USD:	TAX IN USD:	TOTAL IN USD:
30081945	ONESOURCE Tax Provision Corporate Edition Apr 01, 2015 - Mar 31, 2016	120579041	8		65,780.00	0.00	65,780.00
41060849	ONESOURCE Tax Provision Active Workpapers Apr 01, 2015 - Mar 31, 2016	120579042	1		9,568.00	0.00	9,568.00
	TOTAL INVOICE AMOUNT						75,348.00

D Jenner 973-7911
3-25-15

NAY
3-24-15

RETURN BOTTOM PORTION WITH PAYMENT - THANK YOU

Remit To:
THOMSON REUTERS (TAX & ACCOUNTING) INC
P.O. BOX 6016
CAROL STREAM, IL 60197-6016

AMEX M/C VISA	
CARD #	
EXPIRATION DATE	
SIGNATURE	

INVOICE NO	6098999272
ACCOUNT NO	1003849802
PAYMENT DUE	03/03/2015
AMOUNT DUE IN USD	75,348.00

Bill To Acct: 1003849802
Cam McCullough
MDU RESOURCES GROUP, INC.
1200 W CENTURY AVE
BISMARCK ND 58503-0911

Ship To Acct: 1003849802
Cam McCullough
MDU RESOURCES GROUP, INC.
1200 W CENTURY AVE
BISMARCK ND 58503-0911

AMOUNT ENCLOSED IN USD ____________

See reverse side for contact, payment, and updated address information.

6098999272 0000000000000000000000 20150201 ZINV 007534800 1078 1003849802 5

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

a. The annual rent expense for the BNSF property is $1,400.

b. The BNSF property was included in the pro forma rate base in Rule 38.5.125, Statement C, Page 13 of 14, Project No. FP-307641. Subsequent to the submission of this filing, the purchase of this property has been delayed beyond December 31, 2015.

c. See invoice in Attachment A.

BNSF Railway Company **INVOIC**

PLEASE MAIL YOUR PAYMENT TO:

BNSF Railway Company
P.O. Box 676160
Dallas, TX 75267-6160

Please make checks payable to: **BNSF Railway Company**

To ensure proper credit of your account:
- Include ONE COPY of this statement with your payment
- Write the CONTRACT NUMBER on your check

CONTRACT NUMBER **40208277**

TO: MONTANA-DAKOTA UTLS CO
ATTN TRANSMISSION & R/W DEPT
400 NORTH FOURTH STREET
BISMARCK, ND 58501

INVOICE DATE **09/12/14**

PREMISES LOCATION: LM
MILES CITY, MT
CUSTER County

LEASE DESCRIPTION: POLES ELECT LINE ETC

BILLING PERIOD FROM **10/16/14** TO **10/15/15**

PREVIOUS BALANCE -- INCLUDES PAYMENTS RECEIVED THROUGH 9/11/2014 $ 0.00

BILLING

INVOICE #	DUE DATE		$ AMOUNT
14091637	10/16/14	LEASE	$ 1,311.27
14091637	10/16/14	3% RENT INCREASE	$ 39.34

ok
9-22-14
160.5932.15890
Shelley Vetter

TOTAL BILLED **$ 1,350.61**

TOTAL AMOUNT DUE **$ 1,350.61**

DIRECT BILLING INQUIRIES TO MARK BRAST 817-230-2636 MARK.BRAST@AM.JLL.COM
PLEASE RETURN ONE COPY OF THIS STATEMENT WITH YOUR PAYMENT
TO AVOID LATE CHARGES, WE MUST RECEIVE YOUR PAYMENT ON OR BEFORE THE DUE DATE
BNSF Railway Company

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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).

Response:

Regional Market Expense is recorded as a component of Subcontract Labor in the Company's general ledger. It was excluded from the Subcontract Labor adjustment (Rule 38.5.157, Statement G, Page 13 of 35).

The Pro Forma Montana electric amount is a three-year average of actual Montana electric results. A three-year average of actual results was used to levelize the annual fluctuations in this account.

Twelve months eding December 31:	
2012	$ 99,188
2013	143,897
2014	107,391
Average	$ 116,825

**MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51**

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.

Response:

The breakdown of this adjustment is as follows:

(1) Plant Additions 1/	$161,960
(2) Annualized Plant Balances	346,607
(3) Depreciation Rate Change 1/	782,154
(4) Over-Recovered Decommissioning Costs	(671,219)
Acquisition Adjustment	(2,654)
	$616,848

1/ Excludes acquisition adjustment.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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?**

Response:

a-b. Please see Statement Workpapers, page C-3. New service lines are considered growth projects and are not included in pro forma rate base. Montana-Dakota budgeted $219,827 related to new service lines and $207,685 for replacement service lines. The Company budgeted $97,201 related to new meters and $91,833 for replacement meters. The average cost for both new and replacement service lines is $689 with a total of 319 new service lines and 301 replacement service lines. The average cost for both new and replacement meters is $105 with a total of 926 new meters and 875 replacement meters.

c. New service lines are estimated based on a combination of historical experience and anticipated growth. Replacement service lines are estimated based on historical experience and known replacement projects.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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 to 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.**

Response:

a. The "per books plant" reference should have been removed from the testimony and the statement should read "increases the average reserve for depreciation by $4,217,990..."
b. Yes, there are three components to the increase in accumulated reserve for depreciation. The increase of $4,217,990 by component is:

Change in:

Plant Additions	$94,139
Annualized Plant Balances	3,717,234
Depreciation Rates	406,617
	$4,217,990

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

a. The materials and supplies represents inventory that is physically located in Montana and is directly assigned to Montana.
b. Not applicable.
c. The materials and supplies balances for Montana electric operations for February 2015 to July 2015 were.

February	$3,032,021
March	2,978,554
April	3,023,477
May	3,043,730
June	3,252,289
July	3,513,453

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Please see Attachment A.

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF FUEL STOCKS
PRO FORMA 2015

	Big Stone	Coyote	Heskett	L&C	Glendive	Miles City	Total	Allocate to Montana 1/
January 2014	1,859,878	908,715	1,326,935	407,928	97,010	129,754	4,730,220	1,289,974
February	1,949,192	874,381	1,320,881	407,928	158,772	126,242	4,837,396	1,319,321
March	1,858,340	856,590	1,373,167	407,928	188,487	125,447	4,809,959	1,311,719
April	2,039,562	839,410	1,380,628	407,928	166,023	125,447	4,958,998	1,352,364
May	1,941,749	817,658	1,383,255	407,928	166,023	125,447	4,842,060	1,320,474
June	1,562,070	826,771	1,272,721	407,928	166,023	125,447	4,360,960	1,189,274
July	1,571,464	827,724	1,315,206	407,928	166,023	125,447	4,413,792	1,203,681
August	1,664,841	761,095	1,099,875	407,928	166,023	125,447	4,225,209	1,152,253
September	1,832,659	730,979	752,309	407,928	166,023	125,447	4,015,345	1,094,874
October	2,054,573	747,416	809,070	407,928	166,023	122,516	4,307,526	1,174,701
November	1,652,007	722,388	885,314	407,928	160,610	122,516	3,950,763	1,077,409
December	1,793,959	788,398	1,085,190	407,928	160,610	122,516	4,358,601	1,188,630
January 2015	2,222,570	797,616	1,165,544	407,928	160,610	122,516	4,876,784	1,294,185
February	2,233,187	817,664	1,142,478	407,928	160,610	122,516	4,884,383	1,296,202
March	2,220,768	818,347	1,120,641	407,928	160,610	122,516	4,850,810	1,287,292
April	2,236,825	846,472	1,169,328	407,928	148,286	122,516	4,931,355	1,308,667
May	2,268,501	738,916	1,068,174	407,928	165,561	122,516	4,771,596	1,266,271
June	2,409,559	724,096	1,046,868	407,928	151,150	122,516	4,862,117	1,290,293
July	2,650,725	804,347	1,103,329	407,928	151,150	122,516	5,239,995	1,390,573
August	2,623,510	787,540	1,199,627	407,928	151,150	122,516	5,292,271	1,404,446

1/ Allocated on Factor No. 16, Interconnected System Sales.

	2013	2014	2015
Integrated System KWH sales - Factor No. 16	28.271968%	27.270911%	26.537673%

MONTANA-DAKOTA UTILITIES CO.
FUEL STORES - FUEL OIL
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2014
WORKPAPER

	Big Stone Plant				Coyote Station			
	Per Books 1/		Pro Forma		Per Books 1/		Pro Forma	
	Gallons	Amount	Gallons	Amount	Gallons	Amount	Gallons	Amount
January 2014	41,905	$138,909			37,071	$119,132		
February	33,424	110,786			27,466	87,616		
March	32,171	106,630			23,168	74,519		
April	30,941	102,552			22,333	72,256		
May	18,016	59,694			31,510	102,144		
June	61,687	200,434			29,157	93,933		
July	56,866	184,762			31,239	99,507		
August	50,090	162,738			20,620	65,687		
September	44,842	145,682			35,998	112,153		
October	38,374	124,659			26,930	83,908		
November	31,082	100,961			30,430	93,438		
December	29,402	95,498			46,215	124,894		
January 2015	81,187	184,873			64,472	151,485		
February	76,057	173,186			65,869	158,968		
March	54,189	123,371			60,240	145,387		
April	48,068	109,433			62,956	147,755		
May	48,068	109,433			56,862	131,944		
June	48,061	109,417			48,209	111,870		
July	45,816	104,305			54,610	120,663		
August	43,019	91,536			50,401	111,367		

	Glendive Turbine				Miles City Turbine			
	Per Books 1/		Pro Forma		Per Books 1/		Pro Forma	
	Gallons	Amount	Gallons	Amount	Gallons	Amount	Gallons	Amount
January 2014	30,907	$97,010			47,848	$129,754		
February	50,092	158,772			46,553	126,242		
March	56,732	188,487			43,998	125,447		
April	49,970	166,023			43,978	125,447		
May	49,970	166,023			43,978	125,447		
June	49,970	166,023			43,978	125,447		
July	49,970	166,023			43,978	125,447		
August	49,970	166,023			43,978	125,447		
September	49,970	166,023			43,978	125,447		
October	49,970	166,023			42,950	122,516		
November	48,341	160,610			42,950	122,516		
December	48,341	160,610			42,950	122,516		
January 2015	48,341	160,610			42,950	122,516		
February	48,341	160,610			42,950	122,516		
March	48,341	160,610			42,950	122,516		
April	44,632	148,286			42,950	122,516		
May	54,632	165,561			42,950	122,516		
June	49,876	151,150			42,950	122,516		
July	49,876	151,150			42,950	122,516		
August	49,876	151,150			42,950	122,516		

1/ Actuals through August 2015.

MONTANA-DAKOTA UTILITIES CO.
FUEL STORES - HESKETT
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2014
WORKPAPER

	Heskett Station - Lignite				Heskett Station - Sub Bit				Heskett Station - Tires			
	Per Books 2014 1/		Pro Forma		Per Books 2014 1/		Pro Forma		Per Books 2014 1/		Pro Forma	
	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount
January 2014	51,154	$1,326,935			-	$0			-	$0		
February	50,680	1,320,881			-	0			-	0		
March	52,720	1,373,167			-	0			-	0		
April	53,176	1,380,628			-	0			-	0		
May	53,133	1,383,255			-	0			-	0		
June	49,013	1,272,721			-	0			-	0		
July	50,236	1,315,206			-	0			-	0		
August	42,616	1,090,322			297	9,552			-	0		
September	28,410	744,661			233	7,648			-	0		
October	31,295	801,421			233	7,648			-	0		
November	33,635	877,245			233	8,069			-	0		
December	40,765	1,078,229			201	6,960			-	0		
January 2015	43,319	1,158,584			201	6,960			-	0		
February	42,708	1,135,518			201	6,960			-	0		
March	41,993	1,113,681			201	6,960			-	0		
April	44,369	1,158,153			201	6,960			50	4,215		
May	39,334	1,041,350			201	6,960			237	19,864		
June	38,133	1,004,196			201	6,960			436	35,712		
July	40,202	1,071,852			189	6,534			304	24,943		
August	44,242	1,177,491			189	6,534			189	15,602		

1/ Actuals through August 2015.

MONTANA-DAKOTA UTILITIES CO.
FUEL STORES - BIG STONE, COYOTE, AND LEWIS & CLARK COAL
ELECTRIC UTILITY
TWELVE MONTHS ENDED DECEMBER 31, 2014
WORKPAPER

	Big Stone Plant				Coyote Station				L&C Station			
	Per Books 1/		Pro Forma		Per Books 1/		Pro Forma		Per Books 1/		Pro Forma	
	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount	Tons	Amount
January 2014	50,053	$1,720,969			37,690	$789,583			16,782	$407,928		
February	52,101	1,838,406			37,901	786,765			16,782	407,928		
March	49,619	1,751,710			37,784	782,071			16,782	407,928		
April	55,855	1,937,010			38,260	767,154			16,782	407,928		
May	54,329	1,882,055			35,431	715,514			16,782	407,928		
June	38,985	1,361,636			36,379	732,838			16,782	407,928		
July	39,937	1,386,702			36,828	728,217			16,782	407,928		
August	43,288	1,502,103			35,520	695,408			16,782	407,928		
September	49,230	1,686,977			31,683	618,826			16,782	407,928		
October	56,399	1,929,914			31,984	663,508			16,782	407,928		
November	44,997	1,551,046			29,683	628,950			16,782	407,928		
December	49,225	1,698,461			31,040	663,504			16,782	407,928		
January 2015	58,304	2,037,697			30,406	646,131			16,782	407,928		
February	58,115	2,060,001			31,085	658,696			16,782	407,928		
March	58,115	2,097,397			31,739	672,960			16,782	407,928		
April	58,115	2,127,392			32,726	698,717			16,782	407,928		
May	58,115	2,159,068			28,337	606,972			16,782	407,928		
June	61,085	2,300,142			28,552	612,226			16,782	407,928		
July	67,457	2,546,420			31,117	683,684			16,782	407,928		
August	67,145	2,531,974			30,486	676,173			16,782	407,928		

1/ Actuals through August 2015.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. The Prepaid Insurance balances for Montana electric operations for February 2015 to July 2015 were:

February	$275,519
March	241,392
April	268,693
May	241,124
June	207,427
July	175,042

b. Please see Statement Workpapers, page G-134.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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).

Response:

Each year the Company updates the allocation factors and reallocates the prior year's ending balance. The 2014 balance reflects the 2014 amortization as well as the reallocation of the year end balance. 2015 activity reflects current amortization.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.**

Response:

a. Please see Attachment A for actual balances through July 2015. In addition, see Statement Workpapers E-11.

b. Montana-Dakota does not project individual budget balances for pensions and benefits and therefore, projected balances after July 2015 are not available at this time.

MONTANA-DAKOTA UTILITIES CO.
PROVISION FOR PENSIONS AND BENEFITS
ELECTRIC UTILITY

			Additional Minimum		Total
	Pension Costs	Deferred Pension	Centennial Energy	MDU EC	Provision For Benefits
December 2014	$103,850,820	($68,504,692)	$9,262,884	$1,691,706	$46,300,718
January 2015	103,850,820	(67,315,629)	9,262,884	1,691,706	47,489,781
February	103,850,820	(67,434,879)	9,262,884	1,691,706	47,370,531
March	103,850,820	(67,554,129)	9,262,884	1,691,706	47,251,281
April	103,850,820	(67,673,379)	9,262,884	1,691,706	47,132,031
May	103,850,820	(67,779,205)	9,262,884	1,691,706	47,026,205
June	103,850,820	(67,895,770)	9,262,884	1,691,706	46,909,640
July	103,850,820	(67,138,505)	9,262,884	1,691,706	47,666,905

	Pension Costs State	Pension Costs Federal	Def Pension State	Def Pension Federal	Total DIT for Pension and Benefits
December 2014	1,638,757.26	19,116,036.79	(3,115,980.47)	(36,347,786.99)	(18,708,973)
January 2015	1,642,335.29	19,157,774.29	(3,115,980.54)	(36,347,787.00)	(18,663,658)
February	1,645,913.36	19,199,511.78	(3,115,980.54)	(36,347,787.00)	(18,618,342)
March	1,649,491.28	19,241,249.30	(3,115,980.54)	(36,347,787.00)	(18,573,027)
April	1,653,069.33	19,282,986.78	(3,115,980.54)	(36,347,787.00)	(18,527,711)
May	1,656,244.61	19,320,025.88	(3,115,980.54)	(36,347,787.00)	(18,487,497)
June	1,659,742.10	19,360,823.63	(3,115,980.54)	(36,347,787.00)	(18,443,202)
July	1,663,239.51	19,401,621.37	(3,115,980.54)	(36,347,787.00)	(18,398,907)

MONTANA-DAKOTA UTILITIES CO.
SUMMARY OF PROVISION FOR PENSION AND BENEFITS
DECEMBER 2014 - JULY 2015

	Total Company		Montana	
	Net Pension	DIT - Pension and Benefits	Net Pension	DIT - Pension and Benefits
December 2014	$46,300,718	($18,708,973)	$3,893,229	($1,574,960)
January 2015	$47,489,781	($18,663,658)	$3,944,971	($1,550,388)
February	47,370,531	(18,618,342)	3,935,065	(1,546,624)
March	47,251,281	(18,573,027)	3,925,159	(1,542,859)
April	47,132,031	(18,527,711)	3,915,253	(1,539,095)
May	47,026,205	(18,487,497)	3,906,462	(1,535,755)
June	46,909,640	(18,443,202)	3,896,779	(1,532,075)
July	47,666,905	(18,398,907)	3,959,685	(1,528,395)

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Please see Attachment A. In addition, see Statement Workpapers E-13.

MONTANA-DAKOTA UTILITIES CO.
PROVISION FOR INJURIES AND DAMAGES
DECEMBER 2014 - JULY 2015

Actual Balances	Provision for Injuries and Damages	DIT on Injuries and Damages	Liability Balance	Insurance Receivable	DIT on Insurance Receivable	Insurance Receivable Balance	Total Provision for Injuries and Damages	Total DIT on Injuries and Damages	Total
December 2014	($3,736,057)	1,419,702	($2,316,355)	4,400,366	(1,672,139)	2,728,227	$664,309	(252,437)	$411,872
January 2015	($1,710,594)	650,026	($1,060,568)	4,535,505	(1,723,492)	2,812,013	$2,824,911	($1,073,466)	$1,751,445
February	(1,651,323)	627,503	(1,023,820)	4,550,028	(1,729,011)	2,821,017	2,898,705	(1,101,508)	1,797,197
March	(1,991,727)	756,856	(1,234,871)	4,892,067	($1,858,985)	$3,033,082	2,900,340	(1,102,129)	1,798,211
April	(1,978,015)	751,646	(1,226,369)	5,032,730	(1,912,437)	3,120,293	3,054,715	(1,160,791)	1,893,924
May	(245,739)	93,381	(152,358)	5,057,168	(1,921,724)	3,135,444	4,811,429	(1,828,343)	2,983,086
June	(1,107,496)	420,848	(686,648)	1,309,601	(497,648)	811,953	202,105	(76,800)	125,305
July	(1,089,236)	413,910	(675,326)	1,485,626	(564,538)	921,088	396,390	(150,628)	245,762

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Below are the customer advances adjusted for refunds and forfeitures related to Plant in Service for February through July of 2015. The refund shown in Adjustment N in the month of February should have been shown in the month of March as well as forfeiture of $3,099.

February	$1,365,004
March	764,184
April	758,854
May	758,854
June	758,854
July	758,854

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

Please see MCC - 107 Attachment A. Montana-Dakota does not serve any customers at the transmission level.

MONTANA-DAKOTA UTILITIES CO.
KWH AND DEMAND SALES
ELECTRIC UTILITY - MONTANA

	Kwh				KW			
	Total	Primary	Secondary	Substation	Total	Primary	Secondary	Substation
January 2014	85,081,523	6,513,435	58,146,470	20,421,618	111,011.7	12,636.5	67,538.5	30,836.7
February	68,510,316	6,114,684	45,052,723	17,342,909	107,882.3	13,231.9	65,288.4	29,362.0
March	72,197,512	4,631,434	48,054,393	19,511,685	109,286.9	12,565.7	65,075.2	31,646.0
April	65,738,138	4,242,481	41,913,528	19,582,129	104,498.1	9,911.9	62,811.0	31,775.2
May	57,764,103	3,887,984	35,345,606	18,530,513	101,655.9	9,739.5	61,551.6	30,364.8
June	61,030,197	4,100,750	36,890,031	20,039,416	104,896.4	9,095.2	66,507.6	29,293.6
July	63,076,235	4,128,374	40,406,059	18,541,802	105,103.3	9,549.3	66,764.2	28,789.8
August	68,132,226	4,353,854	44,918,094	18,860,278	110,623.7	11,364.5	69,500.0	29,759.2
September	65,684,668	4,436,181	41,760,537	19,487,950	114,497.1	11,826.7	72,458.9	30,211.5
October	65,412,515	5,672,562	39,346,968	20,392,985	115,319.6	15,582.9	69,702.7	30,034.0
November	54,275,872	6,010,417	32,688,496	15,576,959	110,814.4	15,973.7	64,150.6	30,690.1
December	77,678,753	7,681,755	49,730,817	20,266,181	113,225.1	16,383.1	66,882.0	29,960.0

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED AUGUST 28, 2015
DOCKET NO. D2015.6.51

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.

Response:

The testimony at page 26, lines 1 to 3 is incorrect. The range is between 44% higher and 26% lower.