



**MONTANA-DAKOTA**

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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Bismarck, ND 58501  
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October 27, 2015

Mr. Thorvald A. Nelson  
Holland & Hart, LLP  
6380 South Fiddlers Green Circle, Suite 500  
Greenwood Village, Colorado 8011

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

Dear Mr. Nelson:

Enclosed please find Montana-Dakota Utilities Co.'s responses to the Montana Large Customer Group's data requests LCG-046 - LCG-048 dated October 13, 2015.

Sincerely,

A handwritten signature in red ink that reads "Tamie A. Aberle".

Tamie A. Aberle  
Director of Regulatory Affairs

Attachments  
cc: Service List

Montana-Dakota Utilities Co.  
Docket No. D2015.6.51  
Service List

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**MONTANA-DAKOTA UTILITIES CO.  
MONTANA LARGE CUSTOMER GROUP  
FOURTH DATA REQUEST  
DATED OCTOBER 13, 2015  
DOCKET NO. D2015.6.51**

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**LCG-046**      **Re: Direct Testimony of Travis R. Jacobson, page 10, line 21 through page 11, line 6 and the Direct Testimony of Darcy J. Neigum, page 33, line 5 through page 39, line 7.**

- a. **What is the date at which the joint use agreement between MDU and BEPC expires?**
- b. **How does the expiration date of the MDU/BEPC contract relate to the October 1, 2015 date at which BEPC and WAPA intend to join SPP as referenced on p. 33, line 13 of Mr. Neigum's direct testimony?**
- c. **Please identify the amount of the reduction in transmission (and distribution) charges reflected in Adjustment No. 11 that are expected to be incurred only during Calendar Year 2015 (i.e., without annualization) using the same format as Statement G, p. 12.**
- d. **Please identify the amount of the increase in transmission charges reflected in Adjustment No. 12 that are expected to be incurred only during Calendar Year 2015 (i.e., without annualization) using the same format as Statement G, p. 13 (but limited to the transmission entry).**
- e. **Does the pro-forma entry for transmission in Statement G, p. 13 reflect any increased costs expected by MDU due to the upcoming expiration of the TSA with WAPA on December 31, 2015 discussed on p. 33 of Mr. Neigum's direct testimony? If yes, please explain how this was accounted for and identify any workpapers supporting the calculation of such costs.**
- f. **Does the pro-forma entry for transmission in Statement G, p. 13 reflect any increased costs expected by MDU associated with 2016 RECB I project costs discussed on p. 39 of Mr. Neigum's direct testimony? If yes, please explain how this was accounted for and identify any workpapers supporting the calculation of such costs.**
- g. **Please refer to Workpaper G-63.**
  - i. **On what date was the \$0.80/MWh 2015 MVP Charge effective?**
  - ii. **Is the \$101,908 Pro Forma Adjustment for MVP calculated on a Calendar Year 2015 basis or an annualized 2015 basis?**

**Response:**

**MONTANA-DAKOTA UTILITIES CO.  
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- a. The Interconnection and Common Use Agreement (ICCUA) between MDU and BEPC will end at midnight on December 31, 2015.
- b. Beginning October 1, 2015, MDU will need to take incremental network transmission service from SPP to replace the incremental network transmission under the WAPA IS Tariff which ended at midnight on September 30, 2015.

Both the WAPA Transmission Service Agreement (TSA) and Basin ICCUA expire at midnight December 31, 2015. MDU will need to take SPP network transmission service to replace service previously provided under the WAPA TSA and Basin ICCUA.

- c. As noted in Response LCG-046, part a. above, the Facility Charge, Statement G, Page 12, Adjustment No. 11 will cease on December 31, 2015. The year-to-date 2015 transmission and facility charges incurred are reflected below, as well as an estimate for the remainder of the year.

**TRANSMISSION CHARGES  
ELECTRIC UTILITY - MONTANA**

	<u>YTD 9/30/15</u>	<u>4th Qtr.</u>	<u>Total 2015</u>
WAPA NITS	\$269,236	\$0	\$269,236
SPP Network Transmission Svc.	0	89,745	89,745
Transmission - Other	272,163	90,721	362,884
MISO Schedule 26-RECB	<u>643,760</u>	<u>214,587</u>	<u>858,347</u>
Subtotal Transmission Adjust No. 12	1,185,159	395,053	1,580,212
Facility Charge Adjust No. 11	<u>135,011</u>	<u>45,004</u>	<u>180,015</u>
	\$1,320,170	\$440,057	\$1,760,227

- d. As noted in Response LCG-046, part b. above, WAPA NITS will cease on September 30, 2015. The Company will need to take a similar SPP network transmission service to replace service previously provided by WAPA. The SPP transmission service will be charged at SPP's tariff rate. An estimate is shown in Response LCG-046, part c.
- e. Yes, increased costs expected by MDU due to the upcoming expiration of the TSA with WAPA on December 31, 2015 were included in the increase reflected in transmission charges on Statement G, page 13 of \$1,330,652.

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Statement Workpapers, Statement G, page G-62, Transmission Charge Workpaper pro forma adjustment of \$1,620,619 is calculated as follows:

**TRANSMISSION CHARGE WORKPAPER**

	Pro Forma		
	Total Company	Montana	Pro Forma Adjustment
Increased Transmission Service Charge	\$4,000,000 1/	\$905,712 2/	\$905,712
Facility Charge Replacement Charge	1,967,208	445,431 2/	445,431
WAPA NITS Replacement Charge	269,476	269,476 3/	269,476
	<u>\$6,236,684</u>	<u>\$1,620,619</u>	<u>\$1,620,619</u>

1/ Per Mr. Neigum's direct testimony, page 36.

2/ Allocated on Factor 15: Integrated System Peak Demand

3/ Direct assignment of costs to Montana.

- f. MISO charges noted in Mr. Neigum's testimony have been adjusted to reflect the 2015 rate and 2014 system requirements. See Response LCG-046, part g. below.
- g.
- i. The \$0.80/Mwh 2015 MVP Charge was effective 1/1/2015.
  - ii. The \$101,908 pro forma adjustment for MVP is calculated on a 2015 calendar year basis using 2014 calendar year system requirements.

**MONTANA-DAKOTA UTILITIES CO.  
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FOURTH DATA REQUEST  
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**LCG-047      Re: Direct Testimony of Travis R. Jacobson, page 24, line 5  
through page 25, line 13 and Exhibit TRJ-3.**

- a. Please explain why Footnote 1 in Exhibit TRJ-3 does not indicate the assessment rate that was applicable starting October 2012. Please identify the applicable assessment rate(s) from October 2012 through March 2015.**
  
- b. Please explain why MDU calculated its claimed under-recovery of PSC and MCC taxes in Exhibit TRJ-3 by first converting its deemed recovery (in columns 7-8) using a cents/kWh rate (per Footnote 3) rather than by simply applying the approved 0.24% total tax rate directly to the revenues in the second column of Exhibit TRJ-3. Why doesn't this latter approach produce a more accurate depiction of actual tax recovery?**

**Response:**

- a. The rates were inadvertently omitted. The effective rates for the PSC and MCC, respectively, are as follows:
    - October 1, 2012 – 0.23% and 0.07%
    - October 1, 2013 – 0.42% and 0.11%
    - October 1, 2014 – 0.2% and 0.1%
    - October 1, 2015 – 0.23% and 0.06%
  
  - b. The amount of total revenue fluctuates over time as fuel and purchased power costs change while the amount of revenue approved in the most recent rate case is a static amount based on the rate in effect at that time. Therefore, in order to determine the amount of revenue collected from the customer relative to the PSC and MCC taxes, the conversion to a cents/kWh must be computed.
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**LCG-048                      Re: Direct Testimony of Travis R. Jacobson, page 24,  
line 5 through page 25, line 13 and Exhibit TRJ-3.**

**Please identify MDU's actual sales for resale margins for each month for  
the period June 2015 to the present.**

**Response:**

<u>Month</u>	<u>Sales for Resale Revenue</u>	<u>Cost of Fuel</u>	<u>Cost of Purchased Power</u>	<u>Margin</u>	<u>Margin Sharing Agreement</u>	<u>Net Margin</u>
June-15	\$ -	\$ -	\$ -	\$ -	\$ 7,575	\$ 7,575
July-15	-	-	-	-	7,575	7,575
August-15	87	(232)	-	(145)	7,708	7,561
September-15	45	(75)	-	(30)	7,602	7,572