



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

November 9, 2015

Mr. Will Rosquist
Utility Division
Montana Public Service Commission
1701 Prospect Avenue
Helena, MT 59620

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

Dear Ms. Whitney:

Enclosed please find Montana-Dakota Utilities Co.'s responses to the Montana Public Service Commission data requests PSC-071 and PSC-072 that were received on October 26, 2015.

Sincerely,

Tamie A. Aberle by Kristin Stracke

Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Service List

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

Mr. Will Rosquist
Utility Division
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601
kwhitney@mt.gov

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

Mike Green
900 N. Last Chance Gulch
Suite 200
Helena, MT 59601
mgreen@crowleyfleck.com

Charles Magraw
501 8th Ave
Helena, MT 59601
c.magraw@bresnan.net

Thorvald A. Nelson
Holland & Hart LLP
6380 South Fiddlers Green Circle
Suite 500
Greenwood Village, CO 80111
tnelson@hollandhart.com

David Wooley
Keyes, Fox & Wiedman LLP
436 14th Street, Suite 1305
Oakland, CA 94612
dwooley@kfwlaw.com

Nikolas S. Stoffel
Holland & Hart LLP
6380 South Fiddlers Green Circle
Suite 500
Greenwood Village, CO 80111
nsstoffel@hollandhart.com

Kelly Crandall
Keyes, Fox & Wiedman LLP
1400 16th St
16 Market Square, Suite 400
Denver, CO 80202
kcrandall@kfwlaw.com

Albert Clark
142 Buccaneer Drive
Leesburg, FL 34788
aclark154@yahoo.com

Jack Pous
14 Shell Avenue SE
Ft. Walton Beach, FL 32548
jpous@ducinc.net

John Wilson
J W Wilson & Associates Inc.
1601 N. Kent Street, Suite 1104
Arlington, VA 22209-2105
john@jwwa.com

Electronic Service Only:
ppenn@hollandhart.com
aclee@hollandhart.com
crmayers@hollandhart.com

**MONTANA-DAKOTA UTILITIES CO.
MONTANA PUBLIC SERVICE COMMISSION
DATA REQUEST
DATED OCTOBER 21, 2015
DOCKET NO. D2015.6.51**

PSC-071

Witness: Jacobson

Regarding: Financial Impacts of Lewis and Clark Station MATS Compliance and RICE Units, Big Stone Regional Haze Rules Compliance, Heskett III 88 MW Gas Turbine, and Thunder Spirit Wind 107.5 MW

- a. Using the format shown on Attached Worksheet 1, please provide the 2014 historical financial information and the 2015 pro forma financial information for the Heskett II 88 MW Simple Gas Turbine.
- b. Using the format shown on Attached Worksheet 1, please provide the 2015 pro forma financial information for the Lewis and Clark Station MATS compliance and Rice Units.
- c. Using the format shown on Attached Worksheet 1, please provide the 2015 pro forma financial information for the Big Stone Regional Haze Rules compliance.
- d. Using the format shown on Attached Worksheet 1, please provide the 2015 pro forma financial information for the Thunder Spirit Wind Project.

Please note the worksheet requires the financial impact of these projects on the revenue, expense and rate base accounts as shown. The last column on the worksheet is the "Restated 2014 Test Year." This column is calculated by taking the 2014 Adjusted Test Year as filed and subtracting the previous six columns such that the result is a representation of the 2014 Adjusted Test Year excluding the impact of the Heskett, Lewis and Clark Station, Big Stone, and Thunder Wind Projects.

Response:

Producing the financial effects of removing the identified projects would involve a much more exhaustive analysis than possible within the context of the worksheet provided in this request. For example, removing the Big Stone AQCS project would result in the need to replace a significant baseload resource necessary to serve customers. Replacement capacity and energy would be required if the other projects were removed as well.

The Company has provided the financial information and revenue requirement for each project requested as shown on Response PSC-071, Attachment A.

**MONTANA-DAKOTA UTILITIES CO.
REVENUE REQUIREMENTS OF MAJOR ELECTRIC PROJECTS**

| | Hesket III 88 MW Gas Turbine 2014 Actual Booked | Hesket III 88 MW Gas Turbine 2015 Pro Forma Adjustment | Big Stone 2015 Pro Forma Haze Rules | Lewis and Clark Station 2015 Pro Forma MATS Compliance | Lewis and Clark Station 2015 Pro Forma 18.6 MW RICE Units | Thunderspirit Wind 2015 Pro Forma 107.5 MW |
|---|---|--|---|---|--|---|
| Operating Revenues | | | | | | |
| Sales | | | | | | |
| Sales for Resale | | | | | | |
| Other | | | | | | |
| Total Revenues | - | - | - | - | - | - |
| Operating Expenses | | | | | | |
| Operation and Maintenance | | | | | | |
| Cost of Fuel and Purchased Power (Reagent) | | | \$270,119 | \$113,216 | \$4,299 | |
| Other O & M | | \$118,313 | - | 36,455 | 79,402 | 713,516 |
| Total O & M | \$0 | 118,313 | 270,119 | 149,671 | 83,701 | 713,516 |
| Depreciation | 91,727 | 148,974 | 760,072 | 152,396 | 245,304 | 2,833,457 |
| Taxes other than Income | - | - | - | - | - | 112,051 |
| Current Income Tax | (1,103,533) | (1,233,507) | (3,568,891) | (319,322) | (226,206) | (7,325,750) |
| Deferred Income Tax | 1,067,404 | 1,128,229 | 3,163,125 | 200,345 | 96,619 | 3,348,083 |
| Total Expense | 55,598 | 162,009 | 624,425 | 183,090 | 199,418 | (318,643) |
| Operating Income | (\$55,598) | (\$162,009) | (\$624,425) | (\$183,090) | (\$199,418) | \$318,643 |
| Electric Plant in Service | \$5,963,484 | \$6,066,181 | \$21,841,157 | \$3,663,366 | \$9,812,164 | \$56,669,131 |
| Accumulated Reserve for Depreciation | 45,864 | 120,351 | 760,072 | 152,396 | 245,304 | 2,833,457 |
| Net Electric Plan in Service | 5,917,620 | 5,945,830 | 21,081,085 | 3,510,970 | 9,566,860 | 53,835,674 |
| Additions | | | | | | |
| Materials and Supplies | | | | | | |
| Fuel Stocks | | | | | | |
| Prepayments | | | | | | |
| Unamortized Loss on Debt | | | | | | |
| Decommissioning of Retired Plants | | | | | | |
| Provisions for Pension and Benefits | | | | | | |
| Provisions for Injuries and Damages | | | | | | |
| Total Additions | - | - | - | - | - | - |
| Total Before Deductions | 5,917,620 | 5,945,830 | 21,081,085 | 3,510,970 | 9,566,860 | 53,835,674 |
| Deductions | | | | | | |
| Accumulated Deferred Income Taxes | 1,067,404 | 1,128,229 | 3,163,125 | 200,345 | 96,619 | 3,348,083 |
| Customer Advances | | | | | | |
| Total Deductions | 1,067,404 | 1,128,229 | 3,163,125 | 200,345 | 96,619 | 3,348,083 |
| Total Average Rate Base | 4,850,216 | 4,817,601 | \$17,917,960 | \$3,310,625 | \$9,470,241 | \$50,487,591 |
| Rate of Return | -1.146% | -3.363% | -3.485% | -5.530% | -2.106% | 0.631% |
| Required Return | 7.588% | 7.588% | 7.588% | 7.588% | 7.588% | 7.588% |
| Operating Income Required to earn 7.588% | \$368,034 | \$365,560 | \$1,359,615 | \$251,210 | \$718,602 | \$3,830,998 |
| Increase in Operating Income Required to earn 7.588% | \$423,632 | \$527,569 | \$1,984,040 | \$434,300 | \$918,020 | \$3,512,355 |
| Revenue Multiplier | 1.654790 | 1.654788 | 1.654789 | 1.654789 | 1.654789 | 1.654789 |
| Required Revenue Increase to earn 7.588% | \$701,022 | \$873,015 | \$3,283,168 | \$718,675 | \$1,519,129 | \$5,812,207 |
| Reduced F&PP costs resulting from Wind Generation | | | | | | (\$3,275,354) |
| Required Revenue Increase to earn 7.588% - Net of F&PP savings | | | | | | \$2,526,997 |

**MONTANA-DAKOTA UTILITIES CO.
MONTANA PUBLIC SERVICE COMMISSION
DATA REQUEST
DATED OCTOBER 21, 2015
DOCKET NO. D2015.6.51**

PSC-072

Witness: Appropriate

Please provide your position on how your tariffed late charge of 1% per month is not precluded by Mont. Code Ann. § 17-8-242, which indicates that state agencies shall pay simple interest at the rate of .05% each day on amounts due if the agency fails to make timely payment

Response:

Montana-Dakota's 1% late charge is imposed by a tariff lawfully approved by the Montana Public Service Commission, and therefore, provides the binding terms and conditions of service for the State of Montana and all other users. There is no provision in law giving the State the right to ignore or seek selective imposition or enforcement of Montana-Dakota's tariff provisions. To the contrary, Montana law provides that the State is obligated on its contracts the same as a private individual. See Mont. Code Ann. §18-1-404. Mont. Code Ann. §17-8-242(2) expressly requires State agencies to pay their bills when due as required by the terms of the applicable contract or agreement. The late charge is a condition of payment under Montana-Dakota's tariffs and therefore, required when the State fails to timely pay under the applicable terms. Mont. Code Ann. §17-8-242(1) imposes an additional and independent obligation on the State to pay interest on amounts which it does not timely pay. It does not expressly state or imply that the required interest somehow limits or is in lieu of other charges the vendor may apply as a matter of contract or agreement. As a result, nothing in this or any other statute limits a supplier's right to impose payment terms, or to require the State to pay a late fee when it fails to comply with the required payment date, after it has taken service pursuant to those published terms.