

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

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IN THE MATTER OF the Application of) REGULATORY DIVISION
Montana-Dakota Utilities Co. for Authority)
to Establish Increased Rates for Electric) DOCKET NO. D2015.6.51
Service in the State of Montana)

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

MCC-232

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide copies of all sources, data and workpapers, including electronic copies, used in developing Figure 1: Authorized Returns on Equity for Electric Utilities (2011-2015), as shown in your Rebuttal Testimony, page 4.

MCC-233

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide copies of all sources as referenced, including electronic copies, data, and workpapers used in calculating the percentages for each of the four companies shown on Table 1: Percent Regulated Electric Operations, as shown in your Rebuttal Testimony, page 9.

MCC-234

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide electronic copies, including all sources, data and workpapers, with formulas and links intact, used in developing Exhibit No.__(JSG-04), Schedule 1 to Schedule 6.

MCC-235

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide a copy of Eugene F. Fama and Kenneth R. French, “The Capital Asset Pricing Model: Theory and Evidence,” *Journal of Economic Perspectives* as referenced in footnote 20 in your rebuttal testimony.

MCC-236

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide copies of the articles and papers referenced in footnotes 21, 22, and 23 as shown on page 21 of your rebuttal testimony.

MCC-237

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide a copy of the source of the 1926-2014 historical average return on common stock published by Ibbotson Associates as referenced in your rebuttal testimony, lines 9-11, page 25.

MCC-238

Regarding: Return on Equity
Witness: J. Stephen Gaske

Please provide a copy of Myron J. Gordon, *The Cost of Capital to a Public Utility*, Michigan State University, 1974 as referenced in footnote 29 of your rebuttal testimony.

MCC-239

Regarding: Embedded Cost of Service
Witness: Tamie A. Aberle

In your rebuttal testimony at lines 1-2, page 3, you state: “I do agree with Mr. Baron that the excess demand should have been calculated based on the 2014 peak and not the average of the single peaks over a 3 year period.” Please explain in detail why you agree that the single peak is preferable to the average of three

peaks, and provide all evidence and studies showing that the 2014 peak is more representative than the 2012 and 2013 peaks.

MCC-240

Regarding: Transmission costs
Witness: Darcy J. Neigum

Please refer to the Rebuttal Testimony at page 4, lines 1 – 6.

- a. Is the “less than \$250,000” amount a 2015 expense or a 2016 expense?
- b. What are the “2015 costs” noted for total Company and for Montana?
- c. Is any portion of the “less than \$250,000” included in the Company’s revenue requirement in this case? If so, how much?
- d. Does the Settlement Agreement lower, raise or have no impact on the transmission costs included in the revenue requirement in this case? If so, by how much?
- e. Has the Company reflected the impact of the Settlement Agreement on the transmission costs, if any, in its revenue requirement in this case? If not, why not?

MCC-241

Regarding: Transmission costs
Witness: Travis R. Jacobson

Please refer to the Rebuttal Testimony at page 16, lines 13 – 16.

- a. What are the 2015 transmission expenses for total Company and Montana?
- b. How much less is the Montana portion than the pro forma amount included in the revenue requirement?
- c. Has this reduction been included in the Company’s rebuttal case? If not, why not?

MCC-242

Regarding: Wind Farms
Witness: Earl M. Robinson

Regarding the statement on page 7 of Mr. Robinson’s rebuttal testimony where he claims Mr. Pous simply ignored the information provided in data request MCC-200, please provide the following:

- a. The specific wording in Mr. Pous’ testimony relied on by Mr. Robinson to support the claim that he ignored the information provided in response to data request MCC-200; and
- b. All investigations, analyses, or other activities undertaken by Mr. Robinson to confirm the accuracy of the information provided in data request MCC-200. Further, provide all support and justification for the position taken in the response.

MCC-243

Regarding: Alternative Depreciation Rates
Witness: Earl M. Robinson

Regarding the statement on page 6 of Mr. Robinson’s rebuttal testimony where he states Mr. Pous’ position is clearly unreasonable and irrational as it relates to the reduction in depreciation expense from existing levels, please provide all support and justification as well as the specific criteria relied upon to arrive at such conclusion other than it is Mr. Robinson’s opinion.

MCC-244

Regarding: Account 355
Witness: Earl M. Robinson

At page 10 of Mr. Robinson’s rebuttal testimony, he states that the 50-year ASL is at the higher end of the industry range of service lives. Please identify the underlying source, title and date of the industry data relied on, not the summarization provided in the attachment to MCC-147. Further, to the extent that the data did not originate from the EEI/AGA industry survey, then provide a copy of the actual underlying source.

MCC-245

Regarding: Account 355
Witness: Earl M. Robinson

Please provide all underlying documentation that clearly supports and substantiates the statements made on page 10 of Mr. Robinson's rebuttal testimony relating to the amount of investment made during the past several years, segregated between growth side and replacement side facilities. Further, provide the actual expenditures during 2015 segregated between growth and replacement activity, and the forecasted anticipated values referenced segregated in the same manner. In all instances, provide supporting documentation that clearly identifies the source of the values as well as the values themselves.

MCC-246

Regarding: Account 355
Witness: Earl M. Robinson

Given Mr. Robinson's reliance on the one-year actuarial analysis in his rebuttal testimony for Account 355, provide specific and detailed support and justification demonstrating the validity of reliance on a one-year actuarial band with specific discussion and support for the stability of the results of such one-year band. The response should also provide all depreciation literature addressing the validity of reliance on a one year band.

MCC-247

Regarding: Alternative Depreciation Rates
Witness: Earl M. Robinson

Regarding the statements made by Mr. Robinson in Q and A 8 on page 6 of his rebuttal testimony that Mr. Pous' alternative depreciation rates are unreasonable and irrational, please provide the criteria relied upon to support such statements as well as the justification for relying on such criteria. Further, to the extent the criteria is based to any extent on the dollar level of decrease referenced in the answer, identify whether Mr. Robinson has proposed a change from the existing depreciation rates for any utility during the past 10 years that had a greater percentage increase or decrease than reflected in Mr. Pous' alternative. Finally, provide all support and justification for Mr. Robinson's response.

MCC-248

Regarding: Account 355
Witness: Earl M. Robinson

Regarding the statements at the bottom of page 10 and the top of page 11 of Mr. Robinson's rebuttal as it relates to pole inspections and chemical treatments of poles, please provide all support and justification including corresponding documentation that more often such items focus "on enabling the facilities to reach the original intended life as opposed to any material extension of life."

MCC-249

Regarding: Account 355
Witness: Earl M. Robinson

As it relates to the statements made by Mr. Robinson on page 11 of his rebuttal testimony that there are many other retirement forces that will continue to drive the future life of poles, please enumerate each of the various forces referenced and the impact each had historically on the data analyzed for actuarial analyses. Further, provide all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification of the Company's response.

MCC-250

Regarding: Account 367
Witness: Earl M. Robinson

Regarding the statement on page 13 of Mr. Robinson's rebuttal testimony pertaining to upgrades and ongoing changes of property groups that were "deemed to be normal", please provide a detailed narrative of what is meant by "deemed to be normal" along with all underlying analyses, workpapers, assumptions, and considerations that demonstrate that whatever process was actually performed demonstrates that the upgrades and ongoing changes are normal and therefore replacements are not anticipated to be materially different from those that occurred in past years.

MCC-251

Regarding: Account 367
Witness: Earl M. Robinson

Regarding the statement on page 13 of Mr. Robinson’s rebuttal testimony that subsequent vintage cables have continued to experience changes with the decline in high failure rate cables, please provide all analyses performed which identify the failure rates and corresponding dollars of cable by vintage. Further, provide all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification of the information provided.

MCC-252

Regarding: Account 367
Witness: Earl M. Robinson

Regarding the reference to the analysis of historical data dealing with the level of retirements as a percent of original cost and average age of retirements referenced on page 13 of Mr. Robinson’s rebuttal testimony, please provide the analyses performed along with all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to demonstrate the variance from year to year and the continuation and overall pattern that suggests that there has been no decline in activity.

MCC-253

Regarding: Account 367
Witness: Earl M. Robinson

Please provide all calculations associated with the values set forth on page 14 of Mr. Robinson’s rebuttal testimony as they apply to Account 367.

MCC-254

Regarding: Account 369.2
Witness: Earl M. Robinson

Regarding the statement on page 17 of Mr. Robinson’s rebuttal testimony pertaining to upgrades and ongoing changes of property groups that were “deemed to be normal” for Account 369.2, please provide a detailed narrative of what is meant by “deemed to be normal” along with all underlying analyses,

workpapers, assumptions, and considerations that demonstrate that whatever process was actually performed demonstrates that the upgrades and ongoing changes are normal and therefore replacements are not anticipated to be materially different from those occurring during the past years.

MCC-255

Regarding: Account 369.2
Witness: Earl M. Robinson

Please provide all analyses performed along with all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit replication of the claim on page 18 of Mr. Robinson's rebuttal testimony as it applies to Account 369.2 that there has been no decline in activity as suggested by Mr. Pous.

MCC-256

Regarding: Account 369.2
Witness: Earl M. Robinson

As it relates to the various reserve levels and related whole life average service life references at the bottom of page 18 and the top of page 19 or Mr. Robinson's rebuttal testimony, please provide all calculations performed along with all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit replication of the values.

MCC-257

Regarding: Account 390
Witness: Earl M. Robinson

Please provide a detailed narrative along with all analyses, graphs, workpapers, assumptions, considerations, and material reviewed and/or relied upon to support Mr. Robinson's statement on page 21 of his rebuttal testimony that Mr. Pous' statement that a 39-year life is a better fit of the historical data is "simply false." To the extent that a particular portion of the curve fitting is considered more significant than any other portion, identify those portions and provide all support for such position.

MCC-258

Regarding: Account 390
Witness: Earl M. Robinson

Regarding the statement on page 21 of Mr. Robinson's rebuttal testimony pertaining to characteristics of each of the operating locations, please identify each of the characteristics for each location. Further, state what Mr. Robinson means when he states the Company can quickly make changes as desired or required to "accommodate" each of the facilities used. The response should address what accommodations are reflected in the statement and what impact such accommodations might have on the useful life of the facilities.

MCC-259

Regarding: Account 390
Witness: Earl M. Robinson

Regarding Mr. Robinson's statement at the bottom of page 21 and the top of page 22 of his rebuttal testimony that minor and minimal properties have an average service life of 50 years with a maximum life of approximately 75 years is totally unreasonable and bordering on absurdity, please provide the following:

- a. A detailed narrative of what constitutes minor or minimal properties as well as the support for such determination;
- b. All bases for why Mr. Robinson believes that each such property cannot achieve a 50-year average service life, along with all support and justification for such position;
- c. All bases and justification for why Mr. Robinson believes that none of the properties can achieve a 75-year maximum life;
- d. All reasons why Mr. Robinson does not believe that each such property can achieve a 45-year average service life;
- e. All reasons why Mr. Robinson does not believe that such buildings could even achieve a 60-year maximum life; and

- f. All reasons that support Mr. Robinson’s statement that a 29-year life for these very minor asset properties is more reasonable, along with all support and justification for such position.

MCC-260

Regarding: Account 390 Common
Witness: Earl M. Robinson

Please provide all support and justification for each of the following values or statements set forth on page 26 of Mr. Robinson’s rebuttal as it relates to Account 390 Common:

- a. Routinely fit and finish and appurtenant items are relatively higher cost components than foundations, etc.;
- b. The superstructure portion could be in the range of 50 to 60%, and at most it could be 2/3;
- c. A reasonable range for the superstructure would be 60 years; and
- d. A reasonable range for the finish components would be 20 years

MCC-261

Regarding: Net Salvage
Witness: Earl M. Robinson

Please identify the specific “related information” referenced on page 28 of Mr. Robinson’s rebuttal.

MCC-262

Regarding: Cost of Removal Error
Witness: Earl M. Robinson

Please provide all support and justification for the belief that cost of removal incorrectly ended up as an addition as stated on page 37 of Mr. Robinson’s rebuttal. Further, where this happened, provide the amount by account by year along with all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit replication of the values.

MCC-263

Regarding: Retirement Account Percentage Allocations

Witness: Earl M. Robinson

Please provide all percentage allocations assigned by Field Project managers through the derivation process by account as stated on page 37 of Mr. Robinson's rebuttal. Further, provide the underlying studies, analyses, reports, etc. along with all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit replication of the values.