

**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) | |
| Montana-Dakota Utilities Co., a Division of) | REGULATORY DIVISION |
| MDU Resources Group, Inc., for Authority to) | |
| Establish Increased Rates for Electric Service) | DOCKET NO. D2015.6.51 |
|) | |

**MONTANA LARGE CUSTOMER GROUP'S
PREHEARING MEMORANDUM**

The Montana Large Customer Group (“LCG”),¹ by and through its counsel, Holland & Hart LLP, respectfully submits this Prehearing Memorandum pursuant to Order No. 7433.

I. CONTESTED ISSUES

LCG contests the following issues: (a) whether and the extent to which Montana-Dakota Utilities Co. (“MDU”) should be allowed to increase its rates for electric service in Montana; (b) whether and the extent to which MDU should be allowed to implement its allocated cost of service and rate design proposals; and (c) if MDU’s rates or tariffs are to be changed, what rates, tariffs, and cost allocation would be just, reasonable, in the public interest, and otherwise consistent with Montana law.

II. UNCONTESTED ISSUES

The following issues were raised by LCG, accepted by MDU, and are no longer contested: (a) MDU’s cost of debt;² and (b) the return to customers of MDU’s over-recovery of

¹ The LCG is an informal coalition of industrial energy customers which, among other activities, participates selectively in Commission proceedings that may affect electric or natural gas prices and service within Montana. For purposes of the present matter, the participating customers include, but are not limited to, Denbury Onshore LLC.

² Rebuttal Testimony of Garret Senger, page 2.

decommissioning expenses over a five year amortization period rather than MDU's initial proposal to return the over-recovered amount to customers over a ten year amortization period.³

III. LCG'S WITNESSES

LCG intends to call three witnesses at the hearing. Stephen J. Baron will offer Direct Testimony and Cross-Intervenor Response Testimony on issues associated with class cost of service, the apportionment of the rate increase to rate classes, and rate design. Michael P. Gorman will offer Direct Testimony on issues associated with capital structure, return on equity, and the overall rate of return for MDU. Kevin C. Higgins will offer Direct Testimony and Cross-Intervenor Response Testimony on issues associated with the appropriate revenue requirement for MDU. Mr. Baron, Mr. Gorman, and Mr. Higgins will be available for cross-examination and questions from the Commission and its staff.

IV. EXHIBITS AND RESPONSES TO DATA REQUESTS

For purposes of its direct case, LCG will offer into evidence the following prefiled testimonies and exhibits: (a) Direct Testimony and Exhibits of Stephen J. Baron; (b) Direct Testimony and Exhibits of Michael P. Gorman; (c) Direct Testimony and Exhibits of Kevin C. Higgins; (d) Cross-Intervenor Response Testimony and Exhibit of Stephen J. Baron; and the (e) Cross-Intervenor Response Testimony of Kevin C. Higgins. The LCG may also offer into evidence discovery responses sponsored by LCG's witnesses, including: PSC-079 through PSC-083, PSC-088 through PSC-093, PSC-108 through PSC-114, MDU-017, MDU-019, and PSC-142.

Finally, it is possible that during the course of cross-examination the LCG will offer into evidence or refer to one or more responses to data requests provided in this proceeding, previous Commission decisions, or other documents offered into evidence in this proceeding by another

³ Rebuttal Testimony of Travis R. Jacobson, page 10.

party. Potential previous Commission decisions include: Order No. 5856b from Docket No. D95.7.90; Order No. 6846f from Docket No. D2007.7.79; Order No. 6271c from Docket No. D2000.8.113; and Order No. 5933b from Docket No. D96.7.123. Potential responses to data requests include PSC-135; LCG-091; LCG-056; LCG-60; LCG-093; LCG-096; PSC-136; LCG-058; LCG-092; LCG-046; MCC-240; LCG-98; LCG-005; LCG-006; LCG-015; LCG-032; LCG-085; LCG-089; PSC-116; PSC-117; LCG-023; PSC-121; PSC-122; and MCC-91.

V. SPECIAL ACCOMMODATIONS REQUESTED

Since all of LCG's consultants are located out-of-state, LCG asks that Mr. Baron be called to testify on February 11th, Mr. Gorman be called to testify in the afternoon of February 11th or sometime on the 12th. Counsel for LCG has conferred with counsel for the Montana Consumer Counsel and MDU, and neither the MCC nor MDU objects to this accommodation for LCG's witnesses.

Respectfully submitted this 4th day of February, 2016.

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**ATTORNEYS FOR MONTANA LARGE
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CERTIFICATE OF SERVICE

I hereby certify that on this, the 4th day of February, 2016, **MONTANA LARGE CUSTOMER GROUP'S PREHEARING MEMORANDUM** was filed with the Montana PSC and served via U.S. Mail and/or e-mail, unless otherwise noted, to the following:

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s/ Adele C. Lee