

**PUBLIC SERVICE COMMISSION  
STATE OF MONTANA**

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December 7, 2015

Ms. Monica Tranel  
Montana Consumer Counsel  
P.O. Box 201703  
111 North Last Chance Gulch, Suite 1B  
Helena, MT 59620-1703

RE: Data Request in Docket D2015.6.51

Dear Ms. Tranel,

Enclosed please find a data request of the Montana Public Service Commission, numbered PSC-75 through PSC-078, to the Montana Consumer Counsel in the docket referenced above. If you have any questions, please contact me at (406) 444-6189.

Sincerely,

Gary Duncan  
Regulatory Division  
Montana Public Service Commission

Enclosure

cc: Service List

Service Date: December 7, 2015

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

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

**DATA REQUESTS PSC-075 THROUGH PSC-078 OF THE**  
**MONTANA PUBLIC SERVICE COMMISSION TO**  
**MONTANA CONSUMER COUNSEL**

PSC-075

Regarding: Value Line, DCF Exhibits, Earnings Growth DCF Model  
Witness: Wilson

- a. Throughout the testimony Value Line is used for the various earnings projections. Are there other sources of similar projections available? If so, what are those sources and what is the reason for choosing Value Line?
- b. Does the MCC agree with MDU that the 45 Value Line Electric Utilities are a viable proxy for MDU's Montana Electric Utility Operations?
- c. Please explain why the Dividend Yields for the Selected Electric Distribution Companies shown on JWW-1-A Page 1 differ from the Average Dividend Yields shown on JSG-2, Schedule 2, Pages 1-4.
- d. Does the witness agree with MDU that the correct DCF model to be used is one based on the assumption that dividends are paid quarterly and that the next annual dividend increase is a half year away (Gaske Testimony, Page 16)?
- e. Please provide a calculation and explanation of the quarterly dividend factor of 0.625 used in the Dividend Yield calculation (Column 2) of JWW-1-A, Page 101.

PSC-076

Regarding: DCF Exhibits  
Witness: Wilson

- a. Please explain why Zacks and Yahoo Finance were chosen to be the source of the estimated growth rates as shown on JWW-1-A. What other sources could be used?
- b. Please explain why the Zacks and Yahoo Finance Growth numbers by company shown on JWW-1-A differ from those shown on JSG-2 Schedule 4, Page 6.

- c. Gaske presents the median results in his Basic DCF for the selected companies. MCC witness Wilson presents the average rather than the median. In examining the DCF results, which measure is a more accurate representation of the found ROEs for purposes of selecting an appropriate ROE for MDU?
- d. No analysis was presented in this testimony regarding the Blended Growth DCF ROE estimates or the Risk Premium ROE estimates presented by MDU. Please explain the MCC's position on those models and the resulting ROE estimates.
- e. Is it true that the Retention Growth DCF methodology model used by MDU in the Gaske testimony is the same methodology as the MCC Fundamental DCF model? If not, please explain.

## PSC-077

Regarding: Comparative Earnings, Risk

Witness: Wilson

- a. Please explain why, if both MDU and MCC used 2018 - 2020 Value Line projections for EPS, DPS, and ROE for each of the 12 Selected Electric Distribution companies, some of the values are different. (Gaske JSG-2, Schedule 4, Pages 5 and 9 versus JWW-2-A).
- b. To what extent does Value Line utilize historical returns in projecting booked returns? (JWW-4A & B) What other factors are utilized by Value Line?
- c. What other factors does Value Line consider in projecting booked returns?
- d. If historical earnings are the driving factor in Value Lines projected booked earnings, does this not then create the circularity problem described on page 27 of the testimony? If not, why not?
- e. Are all of the Value Line electric utilities considered "regulated" utilities? If there are companies that are not regulated, please list those companies.

## PSC-078

Regarding: Comparative Earnings, Risk

Witness: Wilson

- a. What is the Beta Coefficient ( $\beta$ ) for MDU Resources Group, Inc.? Is this Beta Coefficient of any value in analyzing the risk associated with MDU's Montana electric operations?
- b. Are the other risk indicators shown on JWW 5-A (Safety, Price Stability, and Financial Strength) also available for MDU Resources Group? If so, what are they and do they also have any value in analyzing the risk associated with MDU's Montana electric utility operations?