

Montana Public Service Commission



Brad Johnson - Chairman
Travis Kavulla - Vice Chairman
Kirk Bushman - Commissioner
Roger Koopman - Commissioner
Bob Lake - Commissioner

January 22, 2016

Mr. Thorvald Nelson
Holland & Hart LLP
6380 South Fiddlers Green Circle, Suite 500
Greenwood Village, CO 80111

RE: Data Request in Docket D2015.6.51

Dear Mr. Nelson,

Enclosed please find a data request of the Montana Public Service Commission, numbered PSC-139 through PSC-142, to the Large Customer Group in the docket referenced above. If you have any questions, please contact me at (406) 444-6359.

Sincerely,

A handwritten signature in cursive script that reads "Will Rosquist".

Will Rosquist
Regulatory Division
Montana Public Service Commission

Enclosure

cc: Service List

Service Date: January 22, 2016

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 Co. for the Authority)
to Establish Increased Rates for Electric Service) DOCKET NO. D2015.6.51
in the State of Montana)

DATA REQUESTS PSC-139 THROUGH PSC-142 OF THE
MONTANA PUBLIC SERVICE COMMISSION TO
THE LARGE CUSTOMER GROUP

PSC-139

Regarding: A&G Expenses
Witness: Baron

Do you agree the method MDU used to allocate A&G expenses in its ECOS analysis is consistent with A&G expense cost classification/allocation methods discussed in the 1992 NARUC Electric Utility Cost Allocation Manual?

PSC-140

Regarding: Rate Design
Witness: Baron

Do you have a specific recommendation with respect to the rate design the Commission should approve to collect the revenue requirement from the LCG? If so, please describe the specific rate design proposal you believe to be appropriate for the LCG.

PSC-141

Regarding: Deferred PSC and MCC taxes
Witness: Baron

- a. Please clarify your proposal to collect deferred PSC and MCC taxes on a uniform percentage factor applied to customer base rate revenues. Do you propose to allocate the deferred taxes among customer classes based on the revenue requirement of each customer class and collect the required revenues on a \$/kwh basis thereafter? Or do

you propose to apply the uniform percentage factor to the dollar amount owed on each individual customer bill?

PSC-142

Regarding: MCC Adjustments, 4 Major Plant Additions, Bonus Depreciation
Witness: Higgins

- a. Is it the position of the LCG that the LCG and MCC adjustments should be added together and the appropriate revenue requirement for MDU is (\$649,222)?
- b. Is the appropriate ROE for MDU the 9.35% recommended by the LCG or the 8.50% recommended by the MCC?
- c. Administrative Rule of Montana 38.5.106 allows known and measurable changes to be entertained if they become effective within 12 months of the last month of the test period. You disagree with the MCC's decision not to challenge MDU's proposal to recover the costs of, and earn a return on, the four major 2015 plant additions on an end-of-period basis rather than using an average 2015 amount of plant in service. The purpose of a rate case is to set rates prospectively. The final rates that will go into effect in this case will do so in 2016, when the major plant additions will be in service for the entire year. Would not only allowing a fraction of the plant for these four major additions into rate base lead to rates that are inadequate to operate those plant additions and earn an appropriate return?
- d. As discussed above, if only a fraction of the plant in service for the four major plant additions is allowed into rate base, would this not then require MDU to immediately file another rate case and request for interim rates in 2016 in order to run and operate these plant additions and earn an appropriate return on them?
- e. Has the LCG made an estimate of the revenue requirement impact of the Protecting Americans from Tax Hike Act of 2015 and the extension of bonus depreciation? If so, please explain the estimated revenue requirement impact. Please provide all work papers.