MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

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

January 29, 2016

Mr. Robert Nelson
Montana Consumer Counsel
111 North Last Chance Gulch, Suite 1B
PO Box 201703
Helena, MT 59620-1703

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

Dear Mr. Nelson:

Enclosed please find Montana-Dakota Utilities Co.'s responses to the Montana Consumer Counsel's data requests dated January 22, 2016.

Sincerely,

Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Service List

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

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MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. PSC-135 Attachment A on the enclosed CD for the back-up information used in developing Figure 1.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. MCC-233 Attachment A on the enclosed CD for the background information requested from Table 1 of Dr. Gaske's rebuttal testimony.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. MCC–234 Attachment A on the enclosed CD for an electronic version of Schedules 1 through 6.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No.LCG-091 Attachment G on the enclosed CD for the requested article.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. LCG-091 Attachment H, Response No. LCG–091 Attachment I, and Response No. LCG–091 Attachment G on the enclosed CD for the requested articles.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. MCC–237 Attachment A on the enclosed CD for the information requested.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see Response No. MCC-238 Attachment A on the enclosed CD for a copy of the article requested.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

As noted by Mr. Baron, the use of an average peak demand to determine the excess demand to be allocated to the classes is inconsistent with the use of calendar year 2014 energy requirements. I have no evidence to support that the 2014 peak was not representative to use for this allocation factor given the test period for the case was 2014.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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?**

Response:

a. The $250,000 represents an increase over actual 2015 transmission service charges. Therefore, while some SPP charges have been incurred, the full transition from Basin/WAPA to SPP will not be reflected on an annual basis until 2016.

b. 2015 transmission service charges, net of joint use revenue, are $4,979,246 total Company and $1,268,269 as allocated to Montana.

c. Yes, the Company's pro forma adjustment was based on Montana's share of the $4.0 million provided in Mr. D. Neigum's direct testimony.

d. Again, Mr. D. Neigum's direct testimony indicated the net transmission service charge was expected to increase approximately $4.0 million whereas his rebuttal testimony has updated the increase to a net impact of $250,000. The Company now expects the net impact to be $3.75 million lower than originally estimated.

e. The Company has not prepared an updated revenue requirement but has provided narratives in Mr. Neigum and Mr. Jacobson's rebuttal testimonies.

MONTANA-DAKOTA UTILITIES CO.
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DATA REQUEST
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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?

Response:

a. During 2015, the Company incurred total transmission function expense of $13,855,424, including $2,819,192 in Montana. Transmission function expense includes charges to deliver electricity to customers (transmission service referenced in Response MCC-240) and costs to operate and maintain the Company's transmission assets.

b. Montana-Dakota requested total pro forma transmission function expense of $3,693,636 as shown on Rule 38.5.156, Statement G, page 1, which is $874,444 more than 2015 actual expense.

c. Specific to transmission service, page 6 of Mr. Jacobson's rebuttal testimony did provide an indication of the net transmission service charges incurred by the Company during 2015. In addition, page 4 of Mr. D. Neigum's rebuttal testimony indicated that Montana-Dakota estimates the net impact in additional integrated system transmission service charges to be less than $250,000 per year over 2015 costs. See a full reconciliation of transmission expense in the Company's Response to LCG-098.

MONTANA-DAKOTA UTILITIES CO.
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DATA REQUEST
DATED JANUARY 22, 2016
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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.**

Response:

a. Mr. Pous described the basis of the depreciation life provided in MCC-200 and then simply ignored the company provided information indicating that no support was provided, when in fact there was specific statements about the range of lives used in the industry.

As the basis of his proposed alternative life, Mr. Pous relied on a general summary of wind generators from an EIA database, stating that "as part of the database for wind generation, the EIA identifies many units placed in to service in the early 1990's that are still in service." A review of the wind turbine database, referenced by Mr. Pous, actually identifies that of the Electric Industry turbines in service as of 12-31-2013, only a minuscule 0.04% were placed into service during the early 1990's (1990-1995). If the database had included facilities installed during 2014 (the date of the depreciation study) the referenced percentage would be even far lower. Furthermore, the database does not provide any details about the wind turbines, such as the size, any information about upgrades or changes that may have occurred to the units, or their operating statistics, etc.

Inasmuch as nothing significant has changed from an operating basis or future expectations for the facilities comprising the Company's wind farm operating properties, there is no justification for any change to the average service underlying the current depreciation rates. This is especially true in light of the fact the current average age of Montana-Dakota's wind turbine properties have an effective average age of less than 6 years of age. Significant changes/enhancements within the technology can be anticipated in future years, rendering much of the existing property potentially obsolete and/or

uncompetitive over the next approximately 15 years remaining life of the existing property.

b. The response to the MCC-200 provided an explanation of the range of lives used by the largest operator of wind turbines in the United States. Furthermore, in his rebuttal testimony (page 7 and 8), Mr. Robinson further supports the depreciation basis in identifying the actual largest wind turbine operator as NextEra.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
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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.

Response:

Mr. Pous' depreciation recommendations result in reduction of approximately 25% from current Commission approved depreciation rates, a reduction that can and will significantly impact the Company's ability to timely recover its investment in concert with the consumption of property by customers receiving service.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
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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.

Response:

Please see the pdf file titled 'Response No. MCC-244 Attachment A – EEI' on the enclosed CD.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
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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.

Response:

The specific details identifying cost between growth and replacement, as requested, are not available.

Please see the accompanying pdf file titled 'Response No. MCC-245 Attachment A' on the enclosed CD that summarizes the level of additions during the recent decade and the growth in retirements in the most recent year.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

The real issue is not one of curve fitting, but is one of what is a reasonable and rational life to use for the property group investment. With regard to band analysis there is a variety of approaches to banding including fixed bands, rolling bands, and shrinking bands. For example, the NARUC Public Utility Practices manual, states on pages 114 and 115, "Rolling bands and shrinking bands may be useful in identifying trends in the data." Under the Types of Bands/Shrinking portion of the depreciation manual text it states: "Shrinking"..."Generally, the last year in the band is the most recent year of data. Successive bands are derived by dropping one of more years from the beginning of the band." Essentially, the last year of the shrinking band analysis is a one year analysis, which shows the experience from the latest period of time as well as the general life direction in which the latest analysis is experiencing.

With regard to Account 355, while over a range of years, historical indications had lengthen beyond that of the typical range of lives experienced/used in the industry. Most recently, retirements have ratcheted upwards and are anticipated to continue at higher levels in the coming future years with the result that the most recent short term experience has declined rather dramatically from prior/recent periods. That is, the life indication for the property group declined from 57 years to 45 years. Giving consideration to the range of data, a 50 year average service life (somewhat longer than the most recent experience) was currently estimated for the property group.

Provided recent budget data identifies that future retirements are anticipated to continue at or above the recent higher level.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Within the property groups specifically addressed by Mr. Pous he has unjustifiably recommended a decrease of approximately 25% from the Company's current commission approved depreciation rates.

Data request MCC-247 simply seeks to divert the focus from what is required to appropriately recover Montana-Dakota's undepreciated assets to another operating company and/or period of time. The depreciation recommendations need to be based upon the investments, past recoveries, and future expectancies for the property being studied, and not the experience and/or circumstances surrounding another operating entity.

An example of Mr. Pous' unreasonable and irrational depreciation recommendations is Account 355 investment. While over a range of historical years the Company has been in more of a growth mode, thus the general life indication had lengthened beyond that of the typical range of lives experienced/used in the industry. Most recently, retirements have ratcheted upwards and are anticipated to continue at higher levels in the coming years with the result that the most recent short term experience has declined rather dramatically from prior/recent periods. That is, the life indication for the property group declined from 57 years to 45 years. Giving consideration to the range of data, a 50 year average service life (somewhat longer than the most recent experience) was currently estimated for the property group. Conversely, Mr. Pous proposed 60 years (a life which is beyond the longer range historical data) based upon an unsupported hypothesis of supposed impact of increased future chemical treatment, etc. Likewise, notwithstanding that historical trend analysis of negative net salvage clearly supports a move from negative -35% to -50% net salvage (see pages 41-43 of Mr. Robinson's rebuttal), Mr. Pous recommends a retention of the current negative -35% net salvage for the property group.

MONTANA-DAKOTA UTILITIES CO.
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This illustration/discussion is just one of the various property groups which Mr. Pous recommended alternative depreciation parameters that are unreasonable and irrational.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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."

Response:

Penta is one of the most common forms of pole treatments in the utility industry. Its use is intended to provide a protection level against physical decay and to enable property to achieve its intended life. The subsequent monitoring and treatment of poles, after installation, is utilized to a greater extent in areas of the country which are more susceptible to wood decay. As referenced by the USDA Rural Utilities Service (RUS Bulletin 1730B-121 dated August 13, 2013) as well as other entities, a zone map is available that defines decay severity zones for wood utility poles. For the most part the western high plains and mountain region of the US is a Zone 1 of 5 zones--the area least susceptible to wood decay (much if not most of Montana-Dakota's operating territory is located in Zone 1). Zone 5 has the greatest susceptibility to wood decade. Accordingly, the life of Montana-Dakota's poles are impacted by physical factors to far lesser degree than operating companies in other parts of the U.S. Furthermore, Montana-Dakota routinely uses Western Red Cedar or Douglas Fir poles – pole types that are less susceptible to decay than other wood varieties.

As noted in response to MCC-249 most retirements, while they certainly can be influenced by physical factors, are often related to more subtle functions of factors such as the economy, changing technology, or government regulations, all of which significantly influence management decisions. Other factors such as maintenance policy or organization goals are the direct result of management decisions.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

As described on pages 276 and 277 of the textbook written by Mr. Frank Wolf and W. Chester Fitch "Depreciation Systems", referenced by Mr. Pous on numerous occasions, forces of retirement include but are not necessarily limited to categories of "Physical Condition, Function Situations, Situations unrelated to the property (Termination of the need, Abandonment of the enterprise, and Requirement of the public authority)". The textbook further states "...most retirements are more subtle functions of factors such as the economy, changing technology, or government regulations, all of which significantly influence management decisions. Other factors such as maintenance policy or organization goals are the direct result of management decisions."

Retirements often occur as the result of more than one single force of retirement.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Montana-Dakota has not performed large scale replacement projects at a company level designed to eliminate all of the older suspect (underground failures) cables. Montana-Dakota has taken several steps over the years to improve the reliability of the primary underground cables including a change to an overall insulation jacket in the early 1980's, a change in the designed insulation levels to 133% insulation in the mid 1990's, replacement when required of failing cables, insulation rejuvenation efforts to improve or delay cable replacement, arrester specification changes, arrester installation changes, and circuit standard design changes.

The Company continues to replace cables that present failures with new cables. These projects are justified one at a time, based on specific cable history. The Company changed lightning arrester design and deployment, first at the risers for these cable points and a second effort to arrest open points within the circuits at the pad-mount equipment level. Both of these changes have had an effect to improve the reliability of the underground primary cable systems. Additionally, some efforts have been made to rejuvenate certain cables with additives to the insulation of cables to improve the cable life. The arrester efforts were O&M costs in the early 2000's and cables in smaller projects are replaced on an ongoing basis under existing blanket budgets annually. Costs due to material specification changes in cables and arresters have been ongoing overtime.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
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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.

Response:

Please refer to response to MCC-250.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please see the pdf file titled 'Response No. MCC-252 Attachment A' on the enclosed CD that summarizes the level of retirement activity over a range of years.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

The referenced items are basic depreciation calculations and/or obtained from previously provided data/reports.

Current Book Depreciation Reserve- Recovery %---23% (Total Table 2 Cell G55/F55) (26,799,598/118,149,274)

Whole Life Depreciation Rate –40 years—1/40=2.50%
367 ARL Depr. Rate 3.00%----Depreciation Study Report Exhibit page 2-1

Basic tenant of ARL depreciation- If ARL depreciation rate higher than WL rate book depreciation reserve is lower than required.

Whole Life Depreciation Rate-–48 years—1/48=2.08%
Mr. Pous 367 ARL Depreciation Rate 2.14%---Exhibit (JP-1) page 3-3

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please refer to response to MCC-250.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

Please refer to response to MCC-250. Also, please see the pdf file titled 'Response No. MCC-255 Attachment A' on the enclosed CD that summarizes the level of retirement activity over a range of years.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

The referenced items are basic depreciation calculations and/or obtained from previously provided data/reports.

Whole Life Depreciation Rate –45 years—1/45=2.22%
369.2 ARL Depreciation Rate 2.64%---Depreciation Study Report Exhibit page 2-2

Basic tenant of ARL depreciation- If ARL deprecation rate higher than WL Rate book depreciation reserve is lower than required.

Whole Life Depreciation Rate-–53 years—1/53=1.89% Instead of 1.53% (Typo on Page 19 of EMR Rebuttal)
Mr. Pous 369.2 ARL Depreciation Rate 1.35%---Exhibit (JP-1) page 2-3

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
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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.

Response:

The statement on page 21 of Mr. Robinson's rebuttal as it relates to the historical curve fitting is true, and is demonstrated by the plots on page 21 of the testimony. Mr. Pous simply excluded various items of historical data to support his recommendation.

The total property group investment of approximate $835,000 is comprised of numerous smaller properties and various short lived components.

The real issue is not one of curve fitting, but is one of what is a reasonable and rational life to use for the very limited property group investment. Historically, there were a variety of properties within the group that were constructed and retired. For example, during 1964 there was an Ellendale warehouse that was constructed for approximately $25,000 which was retired during 1989, which was an overall span of 25 years. A new Ellendale warehouse was constructed during 1989 and was significantly updated during 2014. An original warehouse was constructed at Lemmon during 1957 and retired during 1979 a period of 22 years. A new facility was constructed during 1979. Various short lived components have been added to existing facilities over the years.

The pdf file titled 'Response No. MCC-257 Attachment A' on the enclosed CD summarizes the various locations that make up the limited investment in the account as well as develops a weighted average service life for the property account.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

The statement "to accommodate each of the facilities use" is indicating that changes, upgrades, renovations, and/or even retirement of many of the facilities can be implemented easily and quickly inasmuch as many of the related property investments are quite limited in scope and any such activity would have very minimal financial impact on the Company's operations. Any such changes would result in a potential for even a shorter average service lift for the property than historically experienced.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.**

Response:

a-f. The property group has not historically experienced a 45 year average service life in the past (see EMR Rebuttal top of page 20) and is not anticipated that the property group will experience a dramatic shift in its life in the future. Also, see response to MCC-257 and MCC-258. It is not that a minor portion of the property group could not have a maximum life of the referenced 60 years, but what the anticipated average service life is (and resulting average remaining life), over which to reasonably and rationally recovery the Company's investment.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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**

Response:

The referenced depreciation inputs are routinely used relative to investments in structures and improvements property groups. In fact, Mr. Pous' own testimony, relative to these specific assets, in Montana-Dakota's gas case at Docket No. D2012.9.100, referenced the same and/or very similar percentages and service life periods for the superstructure and replacement components. Apparently, Mr. Pous accepted the parameters as reasonable and rational given that he testified to that fact.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

MCC-261

Regarding: Net Salvage
Witness: Earl M. Robinson

Please identify the specific "related information" referenced on page 28 of Mr. Robinson's rebuttal.

Response:

See responses and attachments to MCC-127, MCC-133, MCC-143, MCC-147, MCC-149, MCC-197, MCC-198, MCC-203, MCC-208, MCC-211, MCC-212, MCC-217, and MCC-219.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

The Company concludes that it would take a substantial amount of time, beyond the time available to respond the MCC data requests, to specifically identify that retirement costs related to replacement work were not always split out properly, especially with the blanket electric distribution replacement work orders. It has been a common belief and understanding within the utility industry of this circumstance and a principal driver behind PowerPlan's design of their software system to help with the situation.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED JANUARY 22, 2016
DOCKET NO. D2015.6.51

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.

Response:

In conjunction with Montana-Dakota's implementation of the PowerPlan record system, the Company's engineering department reviewed its construction practices, procedures, and cost relationships to identify the level of effort required in the performance of new install (addition) versus retirement cost specifically for blanket work orders. Based upon that analysis the Company has assigned the following cost allocation percentages for the following select electric operations:

Property Category	Addition-%	Retirement-%
Account 369-Elect Service Repl	75%	25%
Account 364/365/366/367-Pole/OH/UG Cond Repl	65%	35%
Account 373-Street Light Repl	50%	50%
Account 371-Yard Light Repl	60%	40%

Note: The above percentages are intended to be used only on mass blanket PCAD district/state work orders. For field initiated specific replacement work orders, percentage splits between new install (addition) and retirement costs relative to each specific work order is to be developed and supplied by the engineer in charge of the project.