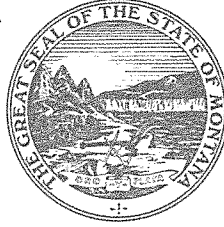


Montana Public Service Commission



Brad Johnson - Chairman
Travis Kavulla - Vice Chairman
Roger Koopman - Commissioner
Bob Lake - Commissioner
Tony O'Donnell - Commissioner

November 21, 2017

Ms. Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501

RE: Data Request in Docket D2017.9.79

Dear Ms. Aberle,

Enclosed please find Montana Public Service Commission data requests PSC-004 to PSC-036 to Montana-Dakota Utilities Co., regarding the application and supporting testimonies in the above-referenced docket. If you could please respond by December 6, 2017, it would be greatly appreciated. If you have any questions, please contact me at (406) 444-6193.

Sincerely

Scott Fabel
Rate Analyst
Montana Public Service Commission

Enclosure

cc: Service List

Service Date: November 21, 2017

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

IN THE MATTER OF the Application of the) REGULATORY DIVISION
Application of Montana-Dakota Utilities Co. for)
Authority to Establish Increased Rates for Gas) DOCKET NO. D2017.9.79
Service in the State of Montana)

DATA REQUESTS PSC-004 THROUGH PSC-036 OF THE
MONTANA PUBLIC SERVICE COMMISSION TO
MONTANA-DAKOTA UTILITIES CO.

PSC-004

Regarding: Annual Report to Shareholders and the SEC Form 10K
Witness: Jacobson

Please provide the 2014-2016 Annual Reports to Shareholders and SEC Form 10Ks.

PSC-005

Regarding: Adjustment No. 1 - Current Rates
Witness: Jacobson

The testimony on page 7, lines 6-10, indicates the adjustment is exclusive of the unreflected gas cost adjustment and eliminates unbilled revenues.

- a. Is the sole purpose of this adjustment to restate revenue per books to the level of revenues that reflects the latest purchased gas adjustment? If not, explain any other purposes for this adjustment.
- b. Have there been any other changes in rates between the beginning of the test year and today? If so, explain any such changes.
- c. Is it correct that the \$4,593,915 reflects the higher cost of gas as proposed in Adjustment No. 5? If not, explain why not?

PSC-006

Regarding: Adjustment No. 1 - Current Rates
Witness: Jacobson

- a. Provide a detailed explanation as to why this adjustment is exclusive of the unreflected gas cost adjustment.

- b. Explain and document the impact on this adjustment as a result of it being exclusive of the unreflected gas cost adjustment.

PSC-007

Regarding: Adjustment No. 2 - Whether Normalization Revenues

Witness: Jacobson

- a. Explain and fully document the adjustments to revenues for the small interruptible and large interruptible transportation customers.
- b. Provide all work papers, analyses, memos and other documentation that support the dekatherms and revenues under the "Normalized Dk @ Current Rates" columns on Rule 38.5.164, Statement H, page 4 of 8.
- c. Given the increase in revenues proposed by this adjustment, is there also an increase in the cost of gas included in Adjustment No.5 - Cost of Gas? If so, in what amount? If not, why not?

PSC-008

Regarding: Adjustment No. 3 - Annualized Revenues

Witness: Jacobson

The testimony on page 7, lines 14-15, indicates this adjustment reflects the annualization of firm customers to the December 2016 level.

- a. Does this mean that the adjustment uses the number of customers at the end of test year and attempts to measure what the consumption would have been if that year-end level of customers had been in place throughout the year? If not, provide additional explanation as to the purpose of this adjustment.
- b. Given the referenced testimony, why are small interruptible sales and small and large interruptible transportation customers also adjusted?

PSC-009

Regarding: Adjustment No. 3 - Annualized Revenues

Witness: Jacobson

- a. Provide a schedule that shows the actual number of customers and consumption, by month, for each month from January 2016 through the most recent month available for each of the four classes of sales customers shown on Rule 38.5.164, Statement H, at page 5 of 8.
- b. Provide a schedule that shows the actual number of customers and consumption, by month, for each month from January 2016 through the most recent month

available for each of the classes of transportation customers shown on Rule 38.5.164, Statement H, at page 5 of 8.

- c. Provide all work papers, analyses, memos and other documentation that support the dekatherms and revenues columns under "Annualized Dk @ Current Rates" as shown on Rule 38.5.164, Statement H, page 5 of 8.

PSC-010

Regarding: Adjustment No. 4 - Other Operating Revenues
Witness: Jacobson

Provide all work papers, analyses, memos and other supporting documentation that support the portion of this adjustment related to the gain/(loss) on the Disposal of Property.

PSC-011

Regarding: Adjustment No. 4 - Other Operating Revenues
Witness: Jacobson

A portion of this adjustment is to include late payment revenues of \$70,249.

- a. Is the \$70,249 the actual late payment revenues received during the test year?
- b. If it is something other than the actual received during the test year, explain the basis of the \$70,249.
- c. Provide a schedule that shows the actual late payment revenues received during each calendar year from 2013 through 2016 and for 2017, on an actual basis as available to date.

PSC-012

Regarding: Adjustment No. 4 - Other Operating Revenues
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the portion of this adjustment related to penalty revenues.
- b. What three year period is used for the average?
- c. Provide actual penalty revenue for 2013 through 2016 and actual for 2017 as available.
- d. Explain the distinction between late payment revenue and penalty revenue.

PSC-013

Regarding: Adjustment No. 5 - Cost of Gas

Witness: Jacobson

Provide all supporting documentation for the distribution loss factor of 0.72% in footnote 2 on Rule 38.5.157, Statement G, at page 3 of 17.

PSC-014

Regarding: Adjustment No. 6 - Labor Expense

Witness: Jacobson

Provide a work paper that shows the breakdown of the labor expense adjustment into its component parts -- i.e., the 3.0 % increase for union employees, the 3.4 % increase for nonunion employees and the adjustment for incentive compensation to reflect a three year average.

PSC-015

Regarding: Adjustment No. 6 - Labor Expense

Witness: Jacobson

- a. Provide actual, if available, budgeted bonuses for 2016.
- b. Provide a schedule that shows actual 2014 labor expense for the gas utility and for Montana gas operations in the same format and detail as shown on Rule 38.5.157, Statement G, at page 4 of 17.
- c. Provide all work papers, analyses, memos and other documentation that support the "Gas Utility" labor amounts for each category shown on Rule 38.5.157, Statement G, page 4 of 17. Explain the nature of the allocation of each of these amounts to "Montana" as shown on the same page.
- d. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of each of these categories of labor expense to Montana as shown on the same page.

PSC-016

Regarding: Adjustment No.7-Fringe Benefits Medical/Dental portion

Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$2,783,800.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$758,683 of the gas utility amount to Montana.
- c. Is the Pro Forma amount of \$813,308 based upon the 2016 budget? If not, please explain the basis of the Pro Forma amount.

PSC-017

Regarding: Adjustment No. 7 - Fringe Benefits Pension expense portion
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$406,580.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$151,657 of the gas utility amount to Montana.
- c. Provide a complete and unexpurgated copy of any study that supports the pro forma pension expense of \$129,530.

PSC-018

Regarding: Adjustment No. 7 - Fringe Benefits Post-Retirement portion
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of (\$92,232).
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of (\$51,148) of the gas utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of (\$121,354).

PSC-019

Regarding: Adjustment No.7 - Fringe Benefits 401-K portion
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$2,519,483.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$693,098 of the gas utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$715,554.
- d. Please explain why this expense, which is "tied to labor", increases by 3.24%.

PSC-020

Regarding: Adjustment No.7 - Fringe Benefits Worker's Comp portion
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$159,230.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$53,865 of the gas utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$55,610.
- d. Please explain why this expense, which is "tied to labor", increases by 3.24%.

PSC-021

Regarding: Adjustment No.7 - Fringe Benefits Other Benefits Comp portion
Witness: Jacobson

- a. Provide an explanation of what other Benefits are.
- b. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$74,251.
- c. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$20,567 of the gas utility amount to Montana.
- d. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$21,233.

PSC-022

Regarding: Adjustment No. 8 - Vehicles & Work Equipment
Witness: Jacobson

- a. Please provide a breakdown of this adjustment between the portion related to the use of pro forma plant and the portion related to the proposed depreciation rates.
- b. Provide all work papers, analyses, memos and other documentation that support the level of pro forma plant used in this adjustment.

PSC-023

Regarding: Adjustment No. 9 - Company consumption
Witness: Jacobson

Provide all work papers, analyses, memos and other documentation that support the pro forma adjustment of \$10,866.

PSC-024

Regarding: Adjustment No. 10 - Uncollectible Accounts
Witness: Jacobson

- a. Is it correct that the average percentage of uncollectible accounts is based on only the Montana gas operations in this case? If not, why not?
- b. Provide the "net write-offs" and the "sales and transportation revenues" for the Montana gas operations for each month of 2017 as available.

PSC-025

Regarding: Adjustment No. 11 - Advertising expenses
Witness: Jacobson

- a. Is it MDU's position that Adjustment No. 11 complies fully with all prior MPSC decisions concerning the inclusion of advertising expenses in a utility's revenue requirement? If not, explain any and all differences between the Company's proposal in this case and prior MPSC decisions.
- b. Provide at least ten examples of informational advertising that has been included in the revenue requirement in this case.

PSC-026

Regarding: Adjustment No. 12 – Subcontract labor
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the "Subcontract Labor" amounts for each category shown on Rule 38.5.157, Statement G, page 10 of 17. Explain the nature of the allocation of each of these amounts to "Montana" as shown on the same page.
- c. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of each of these categories of Subcontract Labor expense to Montana as shown on the same page.

PSC-027

Regarding: Adjustment No. 13 - Software Maintenance
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the "Software Maintenance" amounts for each category shown on Rule 38.5.157, Statement G, page 11 of 17. Explain the nature of the allocation of each of these amounts to "Montana" as shown on the same page.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of each of these categories of Software Maintenance to Montana as shown on the same page.

PSC-028

Regarding: Adjustment No. 14 - Insurance expense
Witness: Jacobson

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility insurance expense of \$1,574,704 (see Work Paper 43).
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$312,778 of the gas utility amount to Montana.

PSC-029

Regarding: Adjustment No. 15 - Industry dues
Witness: Jacobson

Is it MDU's position that Adjustment 15 complies fully with all prior MPSC decisions concerning the inclusion of association dues in a utility's revenue requirement? If not, explain any and all differences between the Company's proposal in this case and prior MPSC decisions.

PSC-030

Regarding: Depreciation rates
Witness: Jacobson

The depreciation and amortization rates, by account, are shown on Rule 38.5.165, Statement I, pages 3, 4 and 5 of 6. Have all (or any) of these depreciation and amortization rates been approved for MDU to use by the Montana Public Service Commission? Explain.

PSC-031

Regarding: Adjustment No. 19 - Payroll taxes
Witness: Jacobson

- a. For each individual payroll tax (FICA - components, Federal unemployment and state unemployment) provide the 2016 tax rate and the base to which the tax applied.
- b. Provide the same tax rates and bases for 2017
- c. The 7.26% factor derived on Rule 38.5.174, Statement K page 2 of 3, is applied to pro forma payroll to calculate pro forma payroll taxes. Explain how this is a reasonable approach.

PSC-032

Regarding: Adjustment No. 22

Witness: Jacobson

Provide all work papers, analyses, memos and other documentation that support this adjustment to deferred taxes.

PSC-033

Regarding: Adjustment A - Plant additions

Witness: Jacobson

- a. For each of the items listed on Rule 38.5.124, Statement C, page 5, 6, and 7 of 7, that are not 100% related to Montana (e.g. Acct 381-Meters is in the General Office region), provide a detailed explanation of the method used to allocate/assign the amounts shown on the referenced page to Montana.
- b. Provide all work papers, analyses, memos and other documentation that support each of these allocations/assignments.
- c. For each of the items listed on Rule 38.5.124, Statement C, page 5, 6, and 7 of 7, indicate, by project number and account number, which ones have been completed, the date completed, and the total actual cost as booked and the total actual cost allocated to Montana.
- c. For each of the items listed on Rule 38.5.124, Statement C, page 5, 6, and 7 of 7, indicate, by project number and account number, which ones have not been completed, the currently expected completion date and the currently expected total cost of the project and the expected total cost to be allocated to Montana.

PSC-034

Regarding: Adjustment E - Materials and supplies

Witness: Jacobson

Provide an explanation of how the gas utility-Montana portion of materials and supplies is determined. (See Rule 38.5.143, Statement E, page 1 of 10.)

PSC-035

Regarding: Adjustment D - Gas in underground storage

Witness: Jacobson

In general, what method of valuation does the gas utility use to cost its gas in underground storage?

PSC-036

Regarding: Adjustment K - Discontinued Service, Saco MT

Witness: Jacobson

On page 23, Line 8-10, you propose a 3-year annual amortization for the cost associated with abandonment of services in Saco, MT. Please explain why 3-year annual amortization was proposed.