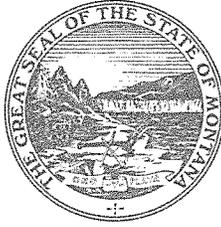


# Montana Public Service Commission



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

January 25, 2018

Nik S. Stoffel  
Thorvald A. Nelson  
Holland & Hart LLP  
6380 Fiddlers Green Circle, Suite 500  
Greenwood Village, CO 80111

RE: Data Requests in Docket D2017.9.80

Dear Messrs. Stoffel and Nelson:

Enclosed please find Data Requests PSC-060 through PSC-107 of the Montana Public Service Commission to Energy West Montana and Cut Bank Gas Company (EWM/CBGC) in the above referenced Docket. Please begin the response to each new numbered data request on a new page. If the initial data request is objectionable or seeks confidential information, EWM/CBGC must respond accordingly and proceed to object or file a motion for protective order no later than the deadline to respond. Please provide responses on or before February 8, 2017. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil Templeton", is written over a horizontal line. The signature is fluid and cursive.

Neil Templeton  
Analyst, Regulatory Division  
Montana Public Service Commission

Enclosure

cc: Service List

Service Date: January 25, 2018

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

IN THE MATTER of the Joint Application for ) REGULATORY DIVISION  
Approval to Change and Establish Natural Gas )  
Delivery Service Rates for Energy West Montana, ) DOCKET NO. D2017.9.80  
Inc. and Cut Bank Gas Company )

**DATA REQUESTS PSC-060 THROUGH PSC-107 OF  
THE MONTANA PUBLIC SERVICE COMMISSION TO  
ENERGY WEST MONTANA AND CUT BANK GAS COMPANY**

PSC-060

Regarding: PSC-039 - Debt issuance; reacquisition costs

Witness: Henthorne

- a. Per your response to PSC-039, the calculated 4.66% and 4.31% cost(s) of debt used in the requested Rate of Return (ROR)/weighted average cost of capital (WACC) calculation for EWM and CBG, respectively, includes the amortization of debt issuance and reacquisition costs. Additionally, the joint applicants are requesting a “return of” and a “return on” these costs by including them in rate base (see JDH-EWM-3/JDH-CBG-3). Please explain the inclusion of these costs in both rate base as well as the cost of debt.
- b. Please explain why the debt issuance costs to be included in rate base, represented in JDH-EWM-3, do not agree to the “average” unamortized debt issuance costs represented in Exhibit JDH-EWM-9, Statement A - Balance Sheet, Rule 38.5.121.
- c. Please explain why the debt issuance costs, represented in JDH-CBG-3, to be included in rate base are not represented in Exhibit JDH-CBG-6, Statement A - Balance Sheet, Rule 38.5.121.
- d. Please provide your calculations of the debt issuance costs to be included in rate base. In your calculations, please be sure to reference the amounts represented in Attachment MCC-013 provided in response to the MCC’s data requests.

## PSC-061

Regarding: MCC-013 & Cost of Debt  
Witness: Henthorne

The questions below are based on Joint Applicants' Attachment MCC-013 and relate to the overall cost of debt for the Joint Applicants.

- a. Please provide all journal entries made by GNI to record the refinancing of the Long-Term debt identified on line 7 of Attachment MCC-013.
- b. What was the outstanding principal balance of the LT Note Payable to Energy West, Inc. at the date of refinancing? Please provide an amortization schedule in support of your response.

## PSC-062

Regarding: MCC-013; Unamortized Loss on Reacquired Debt  
Witness: Henthorne

The questions below are based on Joint Applicants' Attachment MCC-013 and relate to the amount represented as Unamortized Loss on Reacquired Debt.

- a. Please describe what the \$28,043 Loss on Reacquired Debt (represented in cell J21) represents, and please provide a detailed calculation of the \$28,043 figure. In support of this calculation please provide supporting documentation for each number used in the calculation.
- b. Please provide the journal entry made to record the initial loss.
- c. Please provide an amortization schedule of the loss.

## PSC-063

Regarding: MCC-013 - Make Whole Interest Charges  
Witness: Henthorne

The questions below are based on Joint Applicants' Attachment MCC-013 and relate amount represented as Make Whole Interest Charges.

- a. Please describe what the \$266,235 amount represented as Make Whole Interest Charges (represented in cell J22) represents.
- b. Please provide a detailed calculation of the \$266,235 figure, and provide supporting documentation for each number used in the calculation.

## PSC-064

Regarding: PSC-040 - SAP software  
Witness: Henthorne

- a. Please provide the total capitalized cost of the software when it was placed in service and please confirm it was placed in service in October of 2015.
- b. Please provide the total capitalized cost of the software on December 31, 2015. Additionally, for GNI and the Joint Applicants, please separately identify the per-books GAAP accumulated depreciation recorded related to the software, including the financed portion of the software, and the GAAP accumulated depreciation related to the deferred rent (asset)/loss, as well as separate calculations illustrating the allocation of the deferred rent asset (loss), and associated accumulated depreciation from GNI to both EWM & CBG.
- c. Please provide the total capitalized cost of the software on December 31, 2016. Additionally, for GNI and the Joint Applicants, please separately identify the per-books GAAP accumulated depreciation recorded related to the software, including the financed portion of the software and the GAAP accumulated depreciation related to the deferred rent (asset)/loss, as well as separate calculations illustrating the allocation of the deferred rent asset (loss), and associated accumulated depreciation from GNI to both EWM & CBG.
- d. Per GNI's GAAP books, for each of the December 31 dates referenced in subpart(s) b & c above, please identify the useful lives over which the following capitalized costs were being depreciated:
  - i) The VeriLease financed portion of the total SAP software asset; and
  - ii) The deferred rent (loss) portion of the total SAP software asset (the GNI contributed cash).

## PSC-065

Regarding: PSC-040 - SAP software  
Witness: Henthorne

- a. Would you say that the journal entry recording "loss" (Deferred Rent) was not necessarily a direct result of the company having to contribute cash towards the software development, but more the result of Verilease not giving consideration to these costs in the price they agreed to purchase the software for in the "sales-leaseback" transaction? Please explain.
- b. Would you agree that by requesting the accounting order to include the deferred gain referenced above in rate base, the Joint Applicants are seeking to include the total cost of the SAP software as part of rate base and to amortize the total cost over a 10 year period? Please explain.

## PSC-066

Regarding: PSC-042 - SAP software  
Witness: Henthorne

In response to PSC-042 (regarding the deferred rent asset), you state that the requested accounting order seeks to include the average balance of 2015 and 2016 in the rate base. In your testimony (p 14, lines 14-18) you state that in this proceeding, EWM is requesting an accounting order to reclassify the unamortized portion of the deferred rent asset as of January 1, 2016 as a regulatory asset to be included in rate base. Please clarify these seemingly contradictory representations.

## PSC-067

Regarding: SAP software  
Witness: Henthorne

Please provide:

- a. For GNI, EWM, and CBGC, the per books GAAP depreciation expense recorded related to the Software for the periods ending December 31, 2015 and December 31, 2016. Please provide calculation illustrating the allocation of depreciation expense related to this asset from GNI to each of the joint applicants.
- b. A description the types of costs (capital outlay) the depreciation expense referenced in subpart “a” is based upon. In your response, please specifically identify the separate “sources” and related dollar amounts that serve as the basis for depreciation (i.e. VeriLease funded costs, the deferred rent asset, outside services employed (as shown in note 5), cash put forth by GNI, etc.).
- c. Please explain the treatment of the capital lease obligation as it pertains to the total depreciable basis of the SAP software. In your testimony (page 9, line 7) you treat the capital lease as customer contributed capital. Identify whether the “OC” serving as the basis for depreciation is reduced by the capital lease obligation. Please address any differences between the GAAP treatment of this asset and the accounting treatment requested by the Joint Applicants in this docket.

## PSC-068

Regarding: PSC-042 & JDH-EWM-3/JDH-CBG-3  
Witness: Henthorne

You state that rate base assets and liabilities are presented as an average of 2015 and 2016 balances. However, you also note that additions to plant represented in rate base that adjust for known projects completed within one year of the test year are presented as an average of 2015 and 2017 balances. Please discuss the rationale as to why “plant” related rate base items are treated differently than other rate base assets and liabilities.

## PSC-069

Regarding: GIRC; PSC-022/JDH-EWM-12  
Witness: Henthorne

Please explain the rationale in determining the amounts eligible for the GIRC program (see line 33). Specifically, please explain why the total GIRC program amount (line 15) is adjusted by the annual depreciation in excess of investment in plant (clearings to plant) to arrive at this figure.

## PSC-070

Regarding: GIRC; PSC-022/JDH-EWM-12/ JDH-CBG-8  
Witness: Henthorne

- a. Please provide a GIRC expenditure plan in a more detailed description of the replacements than has been provided in Exhibits JDH-EWM-12 and JDH-CBG-8 and the updated in response to PSC-022? Those exhibits appear to provide an overall scope of the GIRC amounts but does not have details of specific projects. The plan should include, at a minimum, location of the replacements, proposed amount of replacements, and a timeline for each project.
- b. Please explain the progress monitoring plan that EWM and CBGC propose to provide the Commission with regarding performance of the GIRC (annual, quarterly). At a minimum, the plan should update the Commission on actual facilities replaced versus those proposed in the plan, and a cost comparison of the proposed expenditure plan with actual expenditures. The progress report should note accelerated expenditures or replacements, as well as delays and the reasoning behind each of those.

## PSC-071

Regarding: GIRC  
Witness: Henthorne

Please provide more information on how “mechanical couplings” and “property line meter sets” contribute to risk in the broader DIMP plan categories, as well as what EWM, CBC, and GNI are doing or propose to do in order to mitigate these risks.

## PSC-072

Regarding: Proxy Group; Test. Henthorne p. 17  
Witness: Henthorne

- a. You indicated that you eliminated any company that was engaged in significant mergers or acquisitions. Do you agree that merger and acquisition activities can distort market factors used on DCF and risk premium analysis? Please explain.
- b. Are you aware that on October 16, 2017, South Jersey Industries announced its acquisition of Elizabeth Gas and Elkton Gas? With this new information do you agree

South Jersey should be excluded from you proxy group and that an updated ROE recommendation should be provided? Please explain.

PSC-073

Regarding: SME Pipeline  
Witness: Henthorne

- a. Please provide a cost savings report regarding what upgrades or improvements would have cost EWM if the pipeline had not been purchased.
- b. Please provide a cost savings report directly related to the SME pipeline as it relates to any failures the EWM system has suffered since its purchase.
- c. Will there be any cost savings to EWM regarding the GIRC plan because of the SME pipeline acquisition? Please explain. If so, these savings should be noted in the updated GIRC plan the Commission is requesting.

PSC-074

Regarding: Gas Cost Adjustment; Ex. JDH-EWM-6 and JDH-CBG-4  
Witness: Henthorne

Please explain in greater detail the billing or other errors that caused Gas Cost Adjustments to be made to both the EWM and CBG test years.

PSC-075

Regarding: SME Pipeline  
Witness: Henthorne

Where has EWM accounted for the increased property taxes it could incur if the pipeline were to be valued at the requested addition to rate base? Please provide supporting documentation or reference to it if it has been provided already.

PSC-076

Regarding: PSC-001 Response, Account 146  
Witness: Henthorne

Please explain in greater detail what intercompany taxes are, how they are accounted for and where in the rate case filing the workpapers or testimony will address the account.

PSC-077

Regarding: PSC-001Response, Account 242  
Witness: Henthorne

Please explain in greater detail what budget plan over payments are, how they are accounted for and where in the rate case filing the workpapers or testimony will address the account.

## PSC-078

Regarding: PSC-002 Response, "Net Utility Plant"  
Witness: Henthorne

Please explain in greater detail what adjustment to goodwill is, how it is accounted for and where in the rate case filing the workpapers or testimony will address the account.

## PSC-079

Regarding: Discovery Audit  
Witness: Henthorne

Please provide electronic and hard copies of documents requested in the Discovery Audit Letter mailed to EWM/CBG from PSC Staff. Include a comprehensive list of documents provided onsite to staff at the audit and what was not provided. The information staff received at the audit was not comprehensive for every item from the discovery audit list, nor was it consistently or clearly labeled, making it difficult for staff to find and review. The flash drives are also different depending on the day the drive was made or updated for staff. This response should include clearly identified documents, by file name, and date when appropriate.

## PSC-080

Regarding: SME Pipeline  
Witness: Henthorne/Appropriate Witness

- a. When EWM was contacted to build the pipeline did SME contact any other potential builders? If so was EWM the lowest bidder? If you are unable to provide this information, please indicate who may.
- b. If there was any kind of study or RFP presented, what value was assigned to the pipeline upon completion? Was that value higher or lower than other bidders? Please provide any supporting documentation.

## PSC-081

Regarding: SME Pipeline  
Witness: Henthorne

Since the SME Pipeline has been built and utilized by EWM has the pipeline saved the ratepayers any costs, or has the pipeline increased costs to the ratepayers? Please provide explain and provide supporting documentation, and provide examples if applicable to either scenario.

## PSC-082

Regarding: SME Pipeline

Witness: Henthorne

- a. Did SME have other options to dispose of the pipeline besides the sale to EWM? If so please list the other options and the costs associated with each option.
- b. What options are available to EWM for disposal of the pipeline, including those options that were available SME?

## PSC-083

Regarding: ERP Software

Witness: Henthorne

- a. Were overages incurred to finish the ERP software? If so, please provide any cost studies done to estimate the continued overate amount. If no studies were completed, please explain why EWM should be responsible for paying the overage costs
- b. What was the original cost and the final cost of the software?

## PSC-084

Regarding: Usage Forecast Model; Loy Testimony

Witness: Loy

In your testimony at 7:26-27, you testify that your usage adjustment model is commonly used to adjust test year billing units for weather impacts. Please support this claim with evidence from other filings.

## PSC-085

Regarding: PSC-011

Witness: Loy

- a. Do you believe this analysis provides useful information to the Commission regarding a decision on residential rate design in this proceeding? If so, please describe any useful results.
- b. Please describe theoretical flaws and limitations of this analysis.
- c. Do you believe this analysis supports the proposed rate design for EWM/CBG in this proceeding? Please explain why or why not.

## PSC-086

Regarding: GIRC Rates; Loy Testimony  
Witness: Loy

In your testimony at 11:8-10, you do not include the Large Commercial class in the list of customer classes to which GIRC rates will be applied. Please explain.

## PSC-087

Regarding: Cost Allocation Model  
Witness: Loy

Please provide the results of an alternative analysis in which the DCUS functional allocator is replaced with the DEMD functional allocator, and the CUST functional allocator is replaced with the DCUS allocator. When allocating DCUS demand-classified service, meter, and regulator costs, please allocate these costs to the customer classes using the allocation factors that were used to allocate demand-related distribution mains costs. Please provide amended versions of Table 5, Table 7, Exhibit CEL-EWM-5, and Exhibit CEL-CBG-4 in electronic form.

## PSC-088

Regarding: Fixed Cost Price Signals; Loy Testimony  
Witness: Loy

In your testimony at 31:22–32:2, you testify that the fixed cost charge must be reasonable to customers, while the volumetric rate must be at a level that will send an adequate price signal regarding variable use.

- a. Please describe how the Commission can ascertain whether volumetric rates adequately signal the variable cost of natural gas distribution.
- b. In Table 9, you assert that the base costs of natural gas distribution are typically about 98% fixed. If true in this case, will natural gas conservation reduce distribution system costs? Will incremental increases in usage measurably increase system costs? Please explain why or why not.
- c. In your opinion, would straight fixed-variable rates, i.e. rates in which fixed costs are recovered using fixed monthly charges and variable costs are recovered using volumetric rates, provide better price signals for fixed and variable natural gas distribution costs than the rates proposed by the Joint Applicants in this proceeding? Please explain.

## PSC-089

Regarding: SME Pipeline; Loy Testimony  
Witnesses: Henthorne/Loy

In Loy's testimony at 42:8–9, he discusses the original cost standard. Per CFR, Title 18, part 201, "Original Cost, as applied to gas plant, means the cost of such property to the person first devoting it to public service."

- a. Does EWM consider it to be the first person devoting the SME pipeline to public service?
- b. If so, please describe the rationale for recording the pipeline at an amount in excess of the \$75,000 "cost" to EWM.
- c. If not, please discuss how an unregulated entity such as SME (the original owner of the pipeline) effectively devoted the pipeline in its entirety to "public service."

## PSC-090

Regarding: SME Pipeline; Loy Testimony  
Witness: Loy

In your testimony at 42: 11–14, you state that it would be in the public's best interest to exclude the negative acquisition adjustment from rate base. Please explain how it is "in the public's best interest" to rate base the asset at a level in excess of the bargain purchase amount, thereby depriving ratepayers of windfall gains.

## PSC-091

Regarding: Constant growth DCF Analysis; Ex. GES-2  
Witness: Scheig

Please explain why your constant growth DCF results, as seen on Schedule A, do not match the referenced schedules (i.e. Schedule D.1 represents an 8.76% ROE not an 8.82% ROE as is represented in Schedule A). Please provide supporting documentation.

## PSC-092

Regarding: Constant growth DCF Analysis; Ex. GES-2  
Witness: Scheig

In your calculation of  $D(1)$ , your notes indicate that you used the following formula,  $D(1) = D(0) * (1 + g/2)$ .

- a. Please explain the "g/2" component of this formula.
- b. The same source document (Value Line Pages) you used to obtain the "'14-'16 to '20-'22" earnings growth percentage (6%) used in your calculation, also provides projected annual dividend growth rates. Please explain why you chose to use the

formula referenced above in your calculation of  $D(1)$ , as opposed to using the following formula:  $D(1) = D(0) * (1+g)$ ?

PSC-093

Regarding: Non-Constant growth DCF Analysis; Ex. GES-2  
Witness: Scheig

Regarding your calculation(s) of “Price” (in final year), please explain why you chose to multiply the 2020–2022 projected EPS by the current P/E ratio, instead of using the projected 2020–2022 P/E ratio provided by Value Line.

PSC-094

Regarding: Risk-Free Rate  
Witness: Scheig

In determining an appropriate proxy for the risk-free rate, the Duff & Phelps Valuation Handbook 2017 (p. 3-1) states that spot yields on U.S. government bonds are typically the rates that analysts use. Furthermore, the Handbook represents that the two most commonly used government securities for this purpose are the 10- and 20-year U.S. Treasury bonds.

- a. Please explain your decision to use 30-year Treasury bond Yields as the risk-free rate in your various analyses, as opposed to the yields on 10- or 20-year Treasury Bonds.
- b. Please re-perform all of your CAPM (as well as your modified versions of the true CAPM) and Risk Premium analyses summarized on “Schedule A” using 10-year Treasury yields as the risk free rate and ceteris paribus. Please summarize your results in the same format as “Schedule A.” Additionally, please provide the resulting correlation coefficients associated with your Risk Premium Analyses.
- c. Please re-perform all of your CAPM (as well as your modified versions of the true CAPM) and Risk Premium analyses summarized on “Schedule A” using 20-year Treasury yields as the risk free rate and ceteris paribus. Please summarize your results in the same format as “Schedule A.” Additionally, please provide the resulting correlation coefficients associated with your Risk Premium Analyses.

PSC-095

Regarding: Private Equity Discussion; Scheig Testimony; MCC-054  
Witness: Scheig (subparts a-d) / Most Appropriate Witness (subpart e)

- a. Pursuant to the private equity discussion, do you conclude that the Joint Applicants cost of equity should include a risk premium simply due to the illiquid nature of investments in private and irrespective of their theoretical market capitalization/size?
- b. Would you agree with the representations of Rolf W. Banz in his publication “The Relationship between Return and Market Value of Common Stocks” (1981) that it is

not necessarily clear whether or not a size-risk premium, such as that identified by Duff & Phelps, is actually due to the size of the company, or whether it is due to some other factor (or combination of factors) closely correlated with size, such as liquidity? Please explain.

- c. If your answer to subpart (b) is “yes,” would you agree that the size premia identified by Duff & Phelps (and Schedule G.1 in your testimony) could potentially already account for any additional risk assumed by the investor related to the liquidity of their private equity ownership interest?
- d. In response to MCC-054, subpart (a), you state that the private equity study referenced in your testimony was a consideration of small companies like EWM and CBG, and didn’t relate to the “ownership” of the Joint Applicants. If this consideration was indeed more related to the risk premium associated with the size of the Joint Applicants (thus accounted for in the Size Premium identified in Schedule(s) G.1 & G.2 of your testimony), and was not intended to imply any additional risk premium related to the “ownership” of the Joint Applicants, please explain the applicability of the “Additional SSRP indicators” (identified on Schedule G.2 of your testimony) used in the determination of the concluded SSRP premium identified on Schedule G.2.
- e. In response to subpart (a), if the witness answered “yes,” was this risk premium, which potentially increases the ROE to be requested in future rate cases, clearly identified before the Commission in the application for GNI and its subsidiaries to be acquired by First Reserve (Docket D2016.11.91)? Please explain and provide supporting documentation.

PSC-096

Regarding: Proxy Group

Witness: Scheig

- a. Is UGI Corporation primarily involved in propane sales and marketing, or natural gas? Please support your answer.
- b. Do you agree that UGI Corporation should be removed from the proxy group? Please explain.
- c. Please update your analysis after removing the UGI Utility Company.
- d. Regarding Spire Inc., did changing names from The Laclede Group to Spire cause changes in growth, beta or other financial measures? Please explain.
- e. When NiSource introduced its Columbia Pipeline Spinoff, could that transaction distort the Company’s financial metrics? Could it? If not, please explain why the spinoff could not distort the financial metrics of the company.

## PSC-097

Regarding: Small Risk Premium

Witness: Scheig

- a. Do you have access to a modeling software such as the Duff and Phelps Risk Premium Toolkit? If so, did you run the small premium analysis through the Toolkit using the appropriate Industry SIC Code? If so, please provide that model.
- b. If you had access to such modeling software but did not use it or chose not to provide the information in this filing, please explain why.

## PSC-098

Regarding: Small Risk Premium

Witness: Scheig

- a. Can additional information on company size such as book value of equity, five year average net income, market value of invested capital, total assets, five year average EBITDA, volume of sales, and number of employees materially improve estimates of small risk premium? Please explain.
- b. If you have the above referenced Toolkit or other such software, please add those to the model as an updated exhibit.

## PSC-099

Regarding: Small Risk Premium

Witness: Scheig

- a. Have you made an adjustment to small risk premium incorporating the Company's GIRC? If not would the small risk premium not deteriorate if the GIRC is approved? Please explain.
- b. How many of the proxy group utilities have infrastructure recovery riders in place? Please identify those utilities.

## PSC-100

Regarding: Capital Structure

Witness: Scheig

- a. Do you agree there is a direct relationship between the authorized equity ratio and the authorized ROE, in that equity ratio is a primary indicator of financial risk?
- b. Please explain why the capital structure suggested by the Joint Applicants does not already embed a small risk premium in the capital structure.

## PSC-101

Regarding: Capital Structure  
Witness: Scheig

Please confirm that the Joint Applicants are not including flotation cost adjustments in any part of the ROE, small risk premium, or ROR.

## PSC-102

Regarding: Board, shareholder, and annual meetings  
Witness: Appropriate witness

Please provide a chronological list of all board meetings, shareholder meeting, and annual meeting agendas for GNI, EWM, and CBG, by each company since 2013. Please provide a copy of the agenda and minutes for each meeting a copy of the GNI board meeting agenda and minutes for May 28, 2014 (as referenced on page 4 of the minutes of the July 30, 2014 annual meeting of the shareholders). Please provide documents electronically by year, in easily identifiable file names and document names.

## PSC-103

Regarding: GNI insurance; 2015 10K SEC form  
Witness: Appropriate witness

Page 17 of GNI's 2015 10K SEC form indicates that insurance has a \$250,000 deductible and that this deductible was met, and that, although "insurance proceeds are available," GNI may incur costs and expenses related to lawsuits "that are not covered by insurance which may be substantial," and any unfavorable outcome "could adversely impact our business and results of operations."

- a. Please indicate how these type of insurance costs are allocated for GNI, EWM, and CBG, and provide supporting documentation in excel readable format.
- b. Please identify if any of these costs are included in the rate base and please provide support as to why they should be recovered by ratepayers.

## PSC-104

Regarding: GNI litigation  
Witness: Appropriate witness

The Commission is aware that GNI reached a settlement over at least nine different lawsuits with Richard M. Osborne. (See [News-Herald 7/20/16, http://www.news-herald.com/general-news/20160720/mentor-developer-reaches-settlement-over-gas-natural-firing](http://www.news-herald.com/general-news/20160720/mentor-developer-reaches-settlement-over-gas-natural-firing)).

- a. Please list the name, case number, and forum of each lawsuit settled by GNI, EWM, and CBG with Richard M. Osborne from 2014 to present.

- b. Please indicate where these costs and any other costs from lawsuits or settlements with Richard M. Osborne have been allocated with GNI, EWM, CBG, or other, and what amounts (including but not limited to those cases identified below).
- c. Please confirm or deny that the costs of these settlements are sought to be recovered by ratepayers in this docket. If so, please explain how these costs were prudently incurred.

## PSC-105

Regarding: GNI litigation; 2014–2016 10K SEC forms

Witness: Appropriate witness

GNI's 2014 through 2016 SEC 10K forms indicate legal proceedings with GNI, including a number of settlements made in addition to the settlements with Richard M. Osborne.

- a. Please list the name, case number, and forum of each lawsuit settled by GNI, EWM, and CBG with parties other than Richard M. Osborne from 2014 to present.
- b. Please indicate where these costs and any other costs from the lawsuits or settlements listed below have been allocated with GNI, EWM, CBG, or other, and what amounts.
- c. Please confirm or deny that the costs of these settlements are sought to be recovered by ratepayers in this docket. If so, please explain how these costs were prudently incurred.
- d. Has GNI or either of the Joint Applicants recovered costs of litigation from settlement or court decisions since 2014? If so, please explain how the recoveries were allocated and if they are included in the rate base, where they are located.

## PSC-106

Regarding: GNI litigation

Witness: Appropriate witness

Please list the case names and numbers, by jurisdiction, for any remaining lawsuits and settlements for GNI, EWM, and CBG made in 2012 through 2017. Please indicate where the settlement amounts are allocated as costs and the total amount spent on settlements each year. Indicate whether or not these costs and any recovery are included in the rate base. If so, please explain how the costs have been prudently incurred and reasoning for any allocation of recovery.

PSC-107

Regarding: MCC-019 Responses

Witness: Appropriate witness

- a. Referencing MCC-019-EWM, revenues increase from CY 2016, \$21,930,971, to a projected CY2017 of \$25,921,406. Please explain the increase.
- b. Referencing MCC-019-CBG, revenues increase from CY 2016, \$1,539,524, to a projected CY2017 of \$2,023,798. Please explain the increase.