

MONTANA-DAKOTA UTILITIES CO.

A Division of MDU Resources Group, Inc.

Before the Public Service Commission of North Dakota

Case No. PU-10-____

Direct Testimony

of

Stephanie L. Bosch

1 **Q. Please state your name and business address?**

2 A. My name is Stephanie L. Bosch and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am a Regulatory Analyst Supervisor for Montana-Dakota Utilities
6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. Please describe your duties as Regulatory Analyst Supervisor?**

8 A. My primary responsibilities include maintenance of the Company's
9 Customer Information System's rate file and the analysis of revenues for
10 use in rate cases.

11 **Q. Would you please describe your education and professional
12 background?**

13 A. I graduated from the University of North Dakota in 1995 with a
14 Bachelor of Business and Public Administration degree in Banking and
15 Financial Economics. I joined Montana-Dakota in June 1997 and have
16 held the positions of Rate Clerk and Regulatory Analyst before assuming
17 my current position in 2007.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony is to discuss the development of the
3 projected sales volumes and revenues as shown in Statement M.

4 **Q. Would you describe the development of the projected sales volumes
5 and revenues?**

6 A. Customers and sales volumes were projected by applying a four
7 year historical average annual increase to the per books customer and
8 volume levels. The revenues were then derived using current rates and
9 substituting the base fuel of \$0.01303 per Kwh with the projected fuel and
10 purchased power rate from Statement N.

11 **Q. Would you please explain the derivation of the projected customers?**

12 A. Montana-Dakota derived the projected customers by calculating the
13 average annual increase based on a four year historical period by
14 customer class and applying that increase to the 2009 per books level of
15 customers. The increase was then allocated to the rate schedules within
16 the customer class based on the rate schedule's ratio of customers within
17 the customer class.

18 Certain customers or rate schedules were reviewed individually and
19 reflect no increase in their customer level for 2010.

20 **Q. Why was a select group of customers reviewed individually?**

21 A. Customers or rate schedules reviewed individually included those
22 currently taking service under a contract as well as customers taking
23 service under Interruptible Large Power Demand Response Rate 38,

1 Interruptible Large Power Service Rate 39 and General Service Rate 30
2 where the customer's service has been classified as primary service.

3 Customers within these rate groups are small enough in class size
4 to allow the customers to be individually reviewed for a change in
5 operations that would necessitate a change in the number of customers
6 for 2010.

7 **Q. Would you please describe the methodology used in developing**
8 **projected sales volumes?**

9 A. Consistent with the derivation of projected customers, Montana-
10 Dakota calculated a four year average annual increase by customer class
11 to be used in the development of projected Kwh sales. However, prior to
12 increasing the 2009 per books level by the class average, adjustments
13 were necessary to reflect corrections or changes to customers' accounts
14 for certain rate schedules.

15 **Q. Would you explain these adjustments in more detail?**

16 A. Yes, within the General Service Rate 30 class, two customers
17 upgraded their facilities in 2009 resulting in a change in the customers'
18 service to primary service from secondary service. This change in rate
19 classification required the Company to reflect an entire year of sales under
20 the primary service provision of the General Service Rate 30 tariff.

21 In addition, three customers' accounts were adjusted in late 2009
22 and early 2010 to reflect the correct rate classification. These corrections

1 required the Company to reflect an entire year of sales under the
2 customers' current rate classifications.

3 Montana-Dakota then increased the Kwh sales by the four year
4 class annual average to derive the 2010 projected Kwh using the adjusted
5 2009 data. The increase in sales volumes was then allocated to the rate
6 schedules within the customer class based on each rate schedule's ratio
7 of sales within the customer class.

8 The Company then calculated the level of billed KW using the
9 projected Kwh and assumed the same load factor as experienced in 2009.

10 **Q. Were any customers reviewed individually when determining**
11 **projected sales?**

12 **A.** Yes. The Company reviewed the historic sales of customers taking
13 service under the primary service provision of General Service Rate 30,
14 Rate 30 contract customers, Interruptible Large Power Demand Response
15 Rate 38 and Interruptible Large Power Service Rate 39. In addition,
16 Company personnel, who have a working relationship with these
17 customers, were also consulted to identify any changes in operations that
18 may occur in 2010. Montana-Dakota then established the projected 2010
19 sales volumes within this group based on the level of adjusted sales for
20 2009 with the exception noted below.

21 The sales volumes for a contract customer were adjusted to reflect
22 the loss of its manufacturing load and its remaining operations in
23 Bismarck. The current contract will cease in July 2010 and its remaining

1 service will move under the primary service provision of General Service
2 Rate 30.

3 **Q. Did the Company include any adjustment for conservation in its**
4 **projections?**

5 A. Yes. Montana-Dakota reduced its projected Kwh sales for the
6 General Service Rate 30 Secondary Service rate by the Company's
7 estimated savings for the Commercial Lighting program included in the
8 Company's conservation portfolio in correlation with the American
9 Recovery and Reinvestment Act (ARRA).

10 **Q. How do the projected Kwh sales for 2010 included in this rate case**
11 **compare to the 2010 sales presented in the Company's Electric Load**
12 **Forecast included in its Integrated Resource Plan (IRP)?**

13 A. The Company's Electric Load Forecast included in its IRP for North
14 Dakota for 2010 is 1,574,563,000 Kwh. The projected sales included in
15 this rate case as described above are 1,577,853,225 Kwh.

16 **Q. Does that complete your direct testimony?**

17 A. Yes, it does.