



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

May 21, 2014

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505

Re: Case Nos. PU-14-108 and PU-14-109
Amended Application for an Electric
Generation Resource Recovery Rider
Tariff and Rates

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc. herewith submits the original and seven (7) copies of the Direct Testimony of Garret Senger regarding the Settlement Agreement between Commission Advocacy Staff and Montana-Dakota submitted on May 20, 2014.

Please acknowledge receipt by stamping or initiating the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

A handwritten signature in black ink that reads 'Garret Senger' in a cursive script.

Garret Senger
Vice President – Regulatory Affairs and
Chief Accounting Officer

Attachment

cc: D. Kuntz
M. Diller

- 18 PU-14-109 Filed 05/21/2014 Pages: 5
Direct testimony of Garret Senger re Settlement Agreement
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Garret Senger, VP Regulatory Affairs
- 16 PU-14-108 Filed 05/21/2014 Pages: 5
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Garret Senger, VP Regulatory Affairs

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

Before the Public Utilities Commission of South Dakota

Case Nos. PU-14-108 and PU-14-109

Direct Testimony
of
Garret Senger

1 **Q. Would you please state your name, business address and position?**

2 A. Yes. My name is Garret Senger and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501. I am Vice President
4 of Regulatory Affairs and Chief Accounting Officer (CAO) for Montana-
5 Dakota Utilities Co. (Montana-Dakota), and Great Plains Natural Gas Co.
6 (Great Plains), divisions of MDU Resources Group, Inc.

7 **Q. Would you please describe your duties?**

8 A. I oversee the activities of the regulatory affairs group for Montana-
9 Dakota and Great Plains. I am also responsible for providing the direction
10 and leadership of the accounting and the financial forecasting/planning
11 functions, including the analysis and reporting of all financial transactions for
12 Montana-Dakota and Great Plains.

13 **Q. Would you please outline your educational and professional
14 background?**

15 A. I graduated from the University of Mary with a Bachelor of Science
16 degree in Accounting and a Masters in Business Administration. I started
17 my career with Montana-Dakota in 1985 as a financial analyst in the
18 Financial Reporting area and during my tenure with the Company have

1 held positions of increasing responsibility, including Supervisor of
2 Financial Reporting, Manager of Financial Forecasting, Manager of
3 Financial Reporting & Planning, Director of Accounting, Controller, and
4 Chief Accounting Officer.

5 **Q. Have you testified in other proceedings before regulatory bodies?**

6 A. Yes, I have testified before this Commission and the Montana and
7 Wyoming Public Service Commissions and submitted written testimony in
8 proceedings before the South Dakota Public Utilities.

9 **Q. Are you familiar with the Generation Tracking Adjustment submitted**
10 **by the Company in this Case?**

11 A. Yes, I am.

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

13 A. I am supporting the Settlement Agreement between Commission
14 Advocacy Staff and Montana-Dakota submitted on May 20, 2014.

15 **Q. Would you please explain the elements of the Settlement**
16 **Agreement?**

17 A. The key elements of the Settlement Agreement are:

- 18 • A Generation Resource Recovery Rider Tariff (Generation
19 Rider) will be established for the purpose of recovering the costs
20 of new generation resources before they are approved in rate
21 base as part of a general rate case.
- 22 • Montana-Dakota will withdraw its request to implement a rate
23 adjustment under the Generation Rider for recovery of the

1 Heskett III generator costs at this time.

2 • Montana-Dakota may re-file the rate adjustment on or after
3 August 1, 2014, the first month following the in-service date of
4 Heskett III. Any re-filed rate adjustment will be in the form
5 prescribed in the Settlement Agreement and will be based on
6 the revenue requirement established for Heskett III by the
7 Settlement Agreement. The Company will provide Commission
8 Staff with supporting documentation and provide updates
9 regarding the need for a rate adjustment filing.

10 • In the event the Company's earnings provide a return on equity
11 in excess of 10.75 percent, with or without the re-filed rate
12 adjustment, fifty percent of the amount above 10.75 percent will
13 be refunded to customers.

14 • The pipeline costs will be recovered through the Fuel and
15 Purchased Power Adjustment as modified by the Settlement.

16 **Q. Would you please explain why the Company agreed to a delay in the**
17 **implementation of the Generation Tracking Adjustment?**

18 A. Montana-Dakota is requesting to delay the implementation of
19 Generation Tracker rate adjustment based on the projected return on
20 operations based on four months of actual data and eight months
21 projected. Weather was 7.2 percent colder than normal in January
22 through April which resulted in electric sales approximately 7.7 percent
23 above the original projections based on normal weather. Assuming the

1 pending Big Stone Environmental Cost Recovery Rider is approved as
2 submitted and normal summer weather, I expect the North Dakota electric
3 operations to provide a return at approximately the authorized return,
4 without the implementation of a rate adjustment under the Generation
5 Tracker. If this holds true, Montana-Dakota will not request to implement
6 the rate adjustment in 2014. However, the mechanism is in place and
7 available to be implemented in the event the return for North Dakota
8 electric operations is inadequate.

9 **Q. Why is the Settlement Agreement in the best interest of the**
10 **customers and the Company?**

11 A. The earnings sharing arrangement applicable under the Settlement
12 Agreement addresses the Company's potential to earn a return higher
13 than that approved by the Commission while providing the opportunity to
14 recover its needed investment in Heskett III. The earning sharing
15 arrangement provides a potential refund to customers as the Company
16 continues to invest in additional facilities required for growth and reliability
17 of service. Since 2009 Montana-Dakota's North Dakota electric rate base
18 has more than doubled, reflecting the investment made in infrastructure to
19 serve North Dakota customers.

20 **Q. Does this complete your direct testimony?**

21 A. Yes it does.