

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

Before the Public Service Commission of North Dakota

Case No. PU-15-90

Rebuttal Testimony  
of  
Tamie A. Aberle

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

2 A. My name is Tamie A. Aberle, 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 the Director of Regulatory Affairs for Montana-Dakota Utilities

6 Co. (Montana-Dakota), a Division of MDU Resources Group, Inc.

7 **Q. Are you the same Tamie A. Aberle who filed direct testimony and**

8 **filed testimony adopting Sara J. Cardwell's testimony in this**

9 **proceeding?**

10 A. Yes I am.

11 **Q. What is the purpose of your rebuttal testimony?**

12 A. The purpose of this rebuttal testimony is to address

13 recommendations made by Mr. Mike Diller, testifying on behalf of the

14 North Dakota Public Service Commission Advocacy Staff regarding the

15 derivation of revenues, rate design and the Company's proposed Rate

16 Stabilization Mechanism. I will also address the testimony filed by Mr.

17 Brian Collins on behalf of the Federal Executive Agencies.

1 Q. Do you agree with Mr. Diller's determination of revenues for the 2015  
2 test year?

3 A. I agree with Mr. Diller's adjustment to increase customers and  
4 associated usage for the Firm General Service Rate 70 class with meters  
5 rated greater than 500 cubic feet per hour. Actual customer connections  
6 seen through June of 2015 support this adjustment. Mr. Diller also made  
7 adjustments to the Small Interruptible Rate 71 revenues and the Large  
8 Interruptible Rate 85 revenues by proposing to eliminate the margin  
9 sharing mechanism related to interruptible sales and reflect 100 percent of  
10 the interruptible sales margins in projected revenues. While I do not  
11 agree with all of Mr. Diller's rationale for eliminating the margin sharing  
12 mechanism I do agree the program has run its course and the interruptible  
13 sales classes have been relatively stable. In fact, there is only one  
14 customer served under the Larger Interruptible Sales Rate 85 today. I do  
15 recommend an adjustment to the Small Interruptible Sales Rate 71  
16 volumes. Based on recent history, the projected volumes submitted by  
17 the Company are overstated primarily because of one customer that was  
18 connected in early 2015 and was expected to utilize approximately  
19 160,000 dk at two locations. The business originally contracted for a level  
20 of firm service and interruptible service. To date the volumes used have  
21 been all within the contracted firm level and no interruptible sales have  
22 been sold. I recommend reducing the Small Interruptible sales volumes

1 by 160,000 dk which reduced Mr. Diller's interruptible sales adjustment by  
2 \$152,840.

3 **Q. Do you agree with Mr. Diller's proposed allocation of the rate**  
4 **increase to the various classes of customers?**

5 A. Mr. Diller's proposed allocation of the Advocacy Staff's revenue  
6 deficiency essentially mirrors the Company's proposal with the exception  
7 of the proposed decrease to the Air Force class which we did not deem  
8 necessary given the overall increase in rates.

9 **Q. Do you agree with Mr. Diller's rationale for rejecting the proposed**  
10 **Rate Stabilization Mechanism?**

11 A. No I do not. The Rate Stabilization Mechanism (RSM) would not  
12 eliminate Montana-Dakota's need to continue to operate efficiently and  
13 manage its operations because whether through a rate case or the RSM,  
14 rate adjustments must be kept in check in order not to drive customers  
15 away from the use of natural gas. The use of a RSM would provide the  
16 means to address the economic changes within the state as well as  
17 support increased pipeline integrity investments that are not supported by  
18 increased customers and the associated revenue stream.

19 **Q. Turning now to Mr. Collins' testimony on behalf of the Federal**  
20 **Executive Agencies do you agree with Mr. Collins' proposed**  
21 **changes to the RSM?**

22 A. Yes. I agree with adjusting the ROE band to provide symmetry is

1 appropriate. I also agree that the Operation and Maintenance escalator  
2 be capped at the Consumer Price Index rate of inflation. The RSM should  
3 be adopted with the proposed modifications.

4 **Q. Would you please address Mr. Collins' proposed allocation of**  
5 **revenues?**

6 A. Yes. I continue to support allocation of revenues proposed by the  
7 Company for the reasons set forth in my direct testimony. I do need to  
8 comment regarding Mr. Collins proposed change to the Minot Air Force  
9 distribution class. The Minot Air Force distribution system was purchased  
10 by the Company as a result of a Request for Proposal issued by the  
11 United States Air Force for Utilities Privatization of the natural gas system  
12 at Minot Air Force Base. The Privatization Agreement established the  
13 pricing applicable to the Company's operation of the distribution system  
14 and provides the means for a price determination. The charges should  
15 not be modified as part of this proceeding.

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes, it does.